



JPRS Report

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INDIA

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Reportage on Statements of Finance Minister

25 Jun Press Conference

91AS1180A Calcutta THE STATESMAN in English
26 Jun 91 pp 1, 7

[Text] New Delhi, 25 June—No "ideological hang-ups" will be allowed to create impediments in the effort to create a dynamic, vibrant, economy without which there can be no genuine social justice, the new finance minister declared today. Mr. Manmohan Singh called upon the people to display the resilience needed to tackle short-term difficulties, and then have an open mind when preparing for the future.

When Mr. Singh addressed a press conference this morning he offered little "hard news" but set about outlining the economic profile he wanted to create. The details—some of them undoubtedly harsh—would manifest themselves in the Budget proposals he would present in Parliament next month.

However, it was obvious that he saw no alternative to the assistance from the IMF in the coming weeks. He did not foresee an immediate rolling back of administered prices, or lifting of the curbs on imports recently imposed by the Reserve Bank of India. "Short-term pain cannot be avoided in dealing with long-term maladies," he said. "Fiscal discipline" was imperative.

While he did not specifically "jettison" some of the election promises contained in the Congress(I) manifesto, he was categorical that this was no time for populism. If the economy had come close to being shattered, one reason was that far too much politics had been played with it.

In his opening remarks, Mr. Manmohan Singh said that since he had been in office for just 24 hours he had nothing "profound" to offer. Since this was to be "open government," he was sharing with the people the broad thinking of his Ministry and the direction in which it desired to move the economy. It was also seeking public feedback.

Mr. Manmohan Singh minced no words about the prevailing conditions. "This was 'an hour of unprecedented economic difficulty.' The balance of payments problem had built up over the years; there was the yawning gap between imports and exports. Foreign loans has been obtained on 'excessively short term' conditions.

The situation had been complicated further by the Gulf crisis and political uncertainty at home, which had resulted in a fall in remittances from non-resident Indians [NRI] and a certain reluctance of international funding agencies to be liberal with assistance to his country.

The gap between imports and exports was also related to what had been taking place on the fiscal front. Till the early 1980s there had been no problem of revenue deficits and the government had been able to finance its

normal spending. That was now a serious problem. There was no harm in borrowing to meet such a situation provided that the money was used to build an investment capacity, but to borrow to finance expenses was "a costly process."

To get the fiscal system in order would also require restructuring of the trading system. Excessive bureaucratic controls would have to be scrapped. The government would look at all controls which stood in the way of creativity. At the same time, a greater thrust would have to be given to efficiency and quality.

That did not mean backing off from social justice, but no socialism could be based on "don't." He drew attention to the changes sweeping the Soviet Union and China, adding that the world was changing beyond recognition. "India could not be blind to reality, and must take the corrective measures to release the forces which would ensure that we were not left out."

The Finance Minister said he would not give details of what specific action was being contemplated. The Budget would tell the story. However, he stressed that the crisis could not be met by normal methods, and there was no room for populism.

Asked about election promises, he said that those who wrote the manifesto were not in the then government. They were ignorant of all the ramifications of the crisis.

Regarding the IMF loan, he said India would not fall short of its international commitments. There was nothing wrong with exploring the IMF option. In fact, it would be difficult to avoid such assistance unless we were prepared to take "draconian" measures such as cuts in the imports of petroleum and fertilizer.

Questioned about the conditionalities, he said that the IMF was not a charitable organization, it was interested in repayment capacity. He was of the view that what the IMF wanted was India's own interest, to achieve a curb in deficits, bridging the gap between imports and exports. "We owe it to ourselves, we should have done it ourselves, we did not do it, so we have a crisis."

Mr. Manmohan Singh regretted that some people, the academic community in particular, had created scares about the IMF and multinationals. The latter alone had the technology which we cannot do without and we would have to deal with them without succumbing. There was no need to persist with the East India Company syndrome. The Third World could not live without the first. This was now being universally understood.

An efficient public sector was most desirable, he said. If it was efficient it would get first preference. There must be no misunderstanding about that. But if it continued to incur heavy losses could it be "carried" indefinitely?

Dealing with prices, he said he had no magic wand. There were certain inherent inflationary pressures in the economic structure, it would take time to reverse them. If fiscal discipline became the norm, prices ought to

stabilize within two or three years. He did not indicate any immediate withdrawal of the "Gulf cess" on petroleum products, pointing out that such matters could not be viewed in isolation. The government had to find money from somewhere.

Regarding the gold "mortgaged" by the previous government, he said that it has compelling reasons to take such action. It was not an economic issue, but an emotional one and he hoped that within six months it should be impossible to redeem the gold. He stressed that he was not criticizing that move.

Dealing with NRI investments, Mr. Manmohan Singh did not lay much emphasis on "patriotism" being the key factor. Rather he would seek to create an environment in which it would make good business sense to invest in India. For the NRIs, patriotism could be an added allurements.

Since he was giving so much importance to opening doors to the world, and restructuring the economy on lines of modern efficiency, could he still talk of social justice? Mr. Singh saw no contradictions. The real growth of an economy could not be assessed only by balance sheets and profits, the jobs it created was as important. Thus it would have to be ensured that the price of modernization and technological upgradation was not paid by workers.

Mr. Singh said he had been speaking to various political leaders to try and convince them that the direction he wished to give to the economy did not in any way compromise the commitment to social justice. It would contribute to that goal. If jobs had been available in abundance would there have been such a stir over reservations, he asked. The people had to be "empowered" with the skills to abolish poverty—they did not want hand outs.

Further Details

91AS1180B Madras *INDIAN EXPRESS* in English
26 Jun 91 pp 1, 9

[Excerpts] New Delhi, 25 June—The Union Finance Minister, Dr. Manmohan Singh, on Tuesday ruled out the possibility of rolling back the prices of essential commodities, including diesel and kerosene to July 1990 levels as promised in the Congress-I election manifesto. [passage omitted]

Public sector undertakings: The minister said he had no psychological hang-ups on public sector undertakings or privatisation. Our objective is to create an internationally competitive economy. But if these undertakings make losses year after year, "Whatever necessary will be done." "I want the public sector to be modernised. But the cost of modernisation should not be borne by those who are least capable of taking on the burden," he said.

The minister emphasised that the government would make every effort to make the economy open and competitive and adopt a more liberal attitude towards

multinationalism. The latest technology is not with our public sector undertakings, or Europe, but with the multinationals. And if India did not open up to multinationals and integrate itself with the international economy, it would be marginalised. "We have to do business with them (multinationals). This is an inescapable conclusion," he said. And if attracting greater amount of foreign direct private investment necessitated liberalising the Foreign Exchange Regulation Act (FERA), the government would not hesitate to do so. "Our integration with the world economy is in line with our social obligations," he added. [passage omitted]

Dr. Singh said the current economic crisis could not be solved through competitive and divisive politics. To that extent, populist promises and "give-aways" had no place. He said he had already initiated a process of dialogue with leaders of various political parties to evolve a consensus on such issues. However, to a query on whether the government would honour the loan waiver scheme initiated by the National Front government, Dr. Singh said "commitments should be honoured."

Ruling out the immediate lifting of restrictions imposed by the Reserve Bank of India on imports, Dr. Singh said "short-term pains cannot be avoided when you are dealing with long-term malignancy." However, he said, he was working on a strategy where such restrictions would become unnecessary in the long run. [passage omitted]

To another query on whether the structural changes being contemplated were linked to IMF conditionalities, Dr. Singh said "in our own interest and economic prosperity, fiscal discipline is a must—IMF or no IMF." On the sale of gold in the international market by the BJP [Samajwadi Janata Party] government, he said it was more an emotional issue than an economic one. It might have been a correct decision, given the compulsions of the situation. He hoped that the country would have enough resources to repurchase the gold in six months.

On the lukewarm response from non-resident Indians to investments in India, Dr. Singh said the new government would create an environment where NRIs would consider it profitable to invest in India. He said an economic system would be created under which the NRIs would find it both "patriotic and good business" to bring the money into the country.

Revenue deficit: A renowned economist, Dr. Singh said the immediate problem before the government was to tackle the problem of large revenue deficit. The government, he said, was working out a strategy to tide over the revenue deficit over a period of time and this would be reflected in the Union budget to be presented within a month. "If we do not wake up and act now, we would mortgage the country's economic independence," Dr. Singh warned.

Dr. Singh, who was frank and forthright in his replies, said while setting the fiscal system in order, it was

necessary to restructure the country's trading system to increase the scope of export growth. To this effect we will review all rules that come in the way of achieving our objective, he said. The Finance Minister said he was confident of making the crisis-ridden economy "vibrant within three years through structural reforms. [quotation marks as published] To a query on the fiscal deficit, he said he would strive to bring it down, but would not commit himself for the present to the target of 6.5 percent of gross domestic product that the previous government had set.

Dr. Singh said a severe balance of payment position has arisen due to excessive short-term borrowings for meeting the current expenditure. In addition, the Gulf crisis and the resultant hike in petroleum prices in the international market, fall in workers' remittances from the Gulf and the political instability had all combined to affect the state of confidence in the country's economy. This had in turn affected the country's borrowings.

Dr. Singh said short-term borrowing at market-related rate of interest was a very costly process. "In 1980, when I left as finance secretary, 70 percent of our borrowings from the World Bank were on concessional rates. The rest were on hard World Bank terms. Now 70 per cent of the borrowing is on hard terms," he said. [passage omitted]

Referring to petroleum imports, Dr. Singh said the country could ill-afford such high consumption and somewhere "we would have to draw a line by rationalising consumption of petroleum products." [passage omitted]

Party MPs React

91AS1180C Bombay THE SUNDAY TIMES OF INDIA in English 30 Jun 91 pp 1, 9

[Article by Subhash Kirpekar: "Finance Minister Changes Track"]

[Text] New Delhi, 29 June—Congress leaders who perceived Dr. Manmohan Singh as trying to roll back election promises instead of rolling back prices to the July 1990 level of specified items are now relieved that the Union finance minister has changed track quickly and is talking about the Congress manifesto being "our friend, guide and philosopher."

Intense pressure was mounted from the party on the prime minister, Mr. P.V. Narasimha Rao, to ensure that the new government did not start off on a note that was nothing short of an "insult" to the memory of the late Rajiv Gandhi who had set great store by the manifesto and had personally released it. The controversy figured in the cabinet meeting also last week.

Congress leaders recall how Mr. Anil Shastri, now in the Congress Party, had made an observation while he was deputy finance minister in the V.P. Singh government. Mr. Shastri had said in an interview published in the

WEEK something to this effect: "We are not able to bring down prices because the BJP [Bharatiya Janata Party] is supporting the National Front government and a crackdown on traders would mean withdrawal of support by the BJP."

They did not want the Union finance minister to betray any helplessness. Even though the economic situation was in bad shape, they said, Dr. Singh should have said that every effort would be made to roll back prices to the July 1990 level as promised in the manifesto.

Pointing out, the finance minister should have taken certain steps before saying anything controversial on the promise on the price front, they went ahead to outline the steps they had in mind. They were of the view that these steps, if implemented, would have a salutary effect on the price front and the government would be seen to be sincere about fulfilling the promise.

"No raids were conducted by either the V.P. Singh government or the Chandra Shekhar government on traders. We would like to see massive raids so that the series of middlemen who pocket the difference between what the producer gets and what the consumer pays is tackled, like Mr. Rajiv Gandhi wanted, on a war footing," said a senior leader who requested anonymity.

Recent Elections: In the recent election, traders had helped largely in funding of some political parties, the Congress leaders noted. They said it was a sad commentary that farmers were not getting value for their produce while consumers were paying through their nose for incompetent handling of the price situation by the governments in the last two years. They also said that there had been an unexplained 15 per cent increase in prices of essential commodities in the last one year itself.

Maintaining that it was possible for the new government to make a serious dent in the rising price line, Congress politicians with an economic background pointed out that there had been a good monsoon and the recent Gulf war had not resulted in any increase in petrol prices. On the contrary, there was a good case for having brought down prices at that time itself.

The leaders maintained that it was possible to rectify the malfunctioning of the free market distribution system and to bring down the prices of at least some of the items specified in the party manifesto. So far, traders used to pick up these items and release them at will, thus creating an artificial scarcity. "We can't throw up our hands right now without even trying," was the refrain.

On the manifesto itself, they recalled that Mr. Rajiv Gandhi had spent a great of time in its preparation. There was a manifesto committee headed by Mr. P.V. Narasimha Rao, Mr. Madhavsingh Solanki, Mr. V.N. Gadgil and other leaders. Together, they had prepared an agenda for the nation.

Manifesto Panel: True, the manifesto committee did not have access to government files for collecting data on prices and commodities when the document was prepared. But they all generally knew that the economy was in a shambles.

Therefore, Dr. Singh's initial comment had raised the question of whether the manifesto committee had applied its mind to the problem of rising prices and whether it was aware of the ground realities. It also raised the question of whether political parties can deliver the goods. Yet another related question was whether the system of preparing manifesto should be done away with. Naturally, only a political mind could give replies in the affirmative to these questions.

On the other hand, if the finance minister had maintained that it was not possible to implement the time-bound promises then the manifesto committee would have owed an explanation to the nation on why they made such promises. Fortunately for the party, Dr. Singh has now chosen not to bypass the collective wisdom of party leaders.

Reserve Bank Announces Monetary Policy Changes

91AS1182A Madras THE HINDU in English
4 Jul 91 p 4

[Text] Bombay, 3 July—In a communication to scheduled commercial banks the Reserve Bank Governor, Mr. S. Venkitaramanan, today announced certain monetary policy measures. These relate to increase in the Bank Rate together with increases in scheduled commercial banks'

deposit rates. These measures come in the wake of the second devaluation of the rupee in three days as the government pushed ahead with structural reforms in the economy.

In the current financial year a number of monetary policy measures have been taken against the background of a difficult balance of payments situation and a high inflation rate. The measures aim at directly curbing imports as well as reducing aggregate demand in the economy and thereby working towards a rectification of the external payments imbalance. In the context of other instruments of policy being activated to achieve a speedier adjustment of the external payments imbalance, it is necessary to reinforce some of the monetary policy measures and accordingly the following measures were announced.

(a) Bank Rate

Recognising the restrictive stance of monetary policy, it is opposite to raise the Bank Rate. With effect from the close of business today (3 July 1991) the Bank Rate will be raised by one percentage point i.e. from 10 percent to 11 percent. All other rates on credit from the Reserve Bank which are specifically linked to the Bank rate will be correspondingly raised by one percentage point unless otherwise specified.

**Scheduled Commercial Banks' Interest—Rates on Deposits
(Excluding FCNR/NRE)**

(Excluding FORTIS-1122)		
Category of Account	Existing Rates	New Rates (Effective 4 July 1991)
	(percent per annum)	
Term Deposits		
a) 46 days to less than one year	8.0	9.0
b) One year to less than two years	9.0	10.0
c) Two years to less than three years	10.0	11.0
d) Three years and over	12.0	13.0

(b) Deposit Rates

With a view to ensuring that banks finance their lending operations out of their own resources and to enable banks to compete with alternative savings instruments the scheduled commercial banks' term deposit rates are being raised across-the-board by one percentage point effective 4 July 1991. The revised interest rates would apply only to fresh deposits and on renewals of maturing deposits. The existing and revised structure of deposit rates (excluding FCNR/NRE Accounts) are set out below:

limits of over Rs[rupees]2 lakhs is being raised by 1.5 percentage points to 18.5 percent (minimum) from 17.0 percent (minimum).

The effective interest rate on discounting bills of exchange for this category of borrowers will be one percentage point below the corresponding lending rate charged to borrowers in this category.

In the case of terms loan to agriculture, small scale industry and transport operators up to two vehicles such loans will continue to be governed by the rates prescribed earlier.

(c) Lending Rates

In the context of the need to reduce aggregate demand in the economy and also taking into account the increase in deposit rates, effective 4 July 1991, the lending rate on

(d) Interest Rates on Reserve Bank Accommodation

In consequence with the increase in the Bank Rate and the need to align refinance rates with the increase in lending rates of scheduled commercial banks, interest rates on the following refinance facilities are being raised effective 4 July 1991.

Refinance Facility	Existing Rate	New Rate (Effective 4 July 1991)
	(percent per annum)	
Export Refinance	9.0	9.5
Stand-by Refinance	12.5	13.5
Discretionary Refinance	14.0 (Minimum)	17.0 (Minimum)
Food Refinance	11.5	14.0

Trade Surplus for First Time in 1991

91AS1135A Madras *THE HINDU* in English
11 Jun 91 p 1

[Quotation marks as published]

[Text] Madras, 10 June: India had achieved a trade surplus for the first time in April 1991, after a prolonged spell of deficit, the Union Commerce Minister, Dr. Subramaniam Swamy, announced here today.

He told a press conference that the country recorded a surplus Rs.[rupees]135 crores in April this year, against a deficit of Rs. 764 crores in the corresponding month last year, though the year 1990-91 was expected to end with a trade deficit of around Rs. 10,000 crores.

Claiming credit for the 'achievement,' Dr. Swamy said the thrust to exports and the curbs on imports had made the surplus possible. Against exports of Rs. 2,950 crores, imports for April were kept at Rs. 2,815 crores. While exports had gone up by 19.9 percent, imports were down by 12.7 percent.

The Minister expressed himself against some of the continuing import curbs and revised guidelines of the RBI [Reserve Bank of India] and said steps such as the 200 percent margin of letters of credit would have an adverse effect on exports in the coming months. There seems to be a false impression that mere containing of imports can help in the present crisis management. But some imports are an incentive to exports. We protested against some of the curbs.

Agricultural processed food, textiles and computer software were among the leading export areas, Dr. Swamy explained, identifying the medium and small scale industries as the major 'export performers.' He said a Commerce Ministry study of 306 major industries had shown that they were 'net consumers of foreign exchange.'

He said there was no pressure on India to devalue the rupee, but there had been a 'defacto devaluation' in terms of the Cash Compensatory Support, REP [replenishment licenses] and new RBI guidelines to the tune of 7 percent. He thought it more advisable to go in for 'direct devaluation.'

Regional Free Market Sought

91AS1117A Calcutta *THE TELEGRAPH* in English
4 Jun 91 p 10

[Text] New Delhi, 3 June (PTI): India today asked South Asian Association for regional Cooperation (SAARC) members to work for freeing of the markets of the countries of the region and their integration within a specified time period.

Inaugurating a SAARC meeting of national coordinators, the foreign secretary, Mr. Muchkund Dubey, said if members were prepared to meet competition from the most advanced economies of the world, "why not start by meeting competition from each other."

In an appraisal of the SAARC functioning, Mr. Dubey said there had been an uneasy feeling for the last two or three years that the regional grouping had been far too cautious in its approach and that "our cooperation is not having any direct impact on day-to-day life of our people."

He said, "It is now being increasingly realised that SAARC cannot become relevant to the day-to-day problems of the people of the region until cooperation within its framework covered such areas as trade, manufactures, services, money and finance."

After five years of efforts, the seven-nation association is now on the verge of bringing hard core economic areas within the framework of SAARC.

Pakistan, however, till now opposed free trade on the ground that its "nascent" industry would be swamped by Indian goods.

The national coordinators during their three-day meeting here will finalise the report on how to bring the hard core economic areas within the SAARC framework.

The document is expected to be taken up for approval by the foreign ministers of member-states next month at Male during their mid-year review of the SAARC activities.

Mr. Dubey hoped the proposals for floating and East Asian economic bloc and the new life being infused into the existing preferential trading arrangements in Latin America would not lead to fragmentation of international trade or the undermining of the multilateral trading system under GATT.

"We still hope that the Uruguay Round of trade negotiations would result in the general freeing of the world trade."

'Letter of Intent' Sent to IMF

91AS1183A Madras THE HINDU in English
30 Jun 91 p 1

[Article by R. Chakrapani: "India Sends Letter of Intent to IMF"]

[Text] Washington, 29 June—The International Monetary Fund (IMF) has begun processing a request from India for a large credit from the Fund to enable it to embark on necessary structural reforms aimed at promoting growth, financial stability and a viable balance of payments position.

The IMF Director, Mr. Michel Camdessus, received a 'letter of intent' from the Union Finance Minister, Mr. Manmohan Singh, a few days ago on the subject. The statements made by Mr. Singh and the Prime Minister, Mr. P.V. Narasimha Rao, give a frank description of the troubled state of the Indian economy and the willingness expressed by them to undertake drastic reforms to put the country's financial house in order and Mr. Camdessus has already pledged to help India revitalise its economy.

In the wake of the assassination of Rajiv Gandhi, both Mr Camdessus, and the World Bank President, Mr. Barber Conable, made a joint statement that they "remain committed to India's economic development." This was the first time they had acted in this manner thereby underscoring the importance of India as a valued member of the Bretton Woods institutions and to the global economy.

Immediately after, a dialogue was initiated between the Fund and the government at the official level on how best IMF can set about assisting India after the new government takes over and reveals its budget strategy. Mr. Conable sent senior Vice President, Mr. Moeen A. Qureshi, to New Delhi and he has expressed his satisfaction at the talks held.

Team ready: According to IMF officials, the Fund now stands ready to send a mission to New Delhi, to discuss India's economic problems in closer detail and to explore jointly the nature of the adjustment programmes that will help India in correcting macroeconomic unbalances. The team will leave as soon as New Delhi concurs.

The team's dialogue at New Delhi will help design a framework setting the credit amount and the conditionalities to be attached thereto that will be accepted by the rest of the membership.

Fund officials say IMF's utmost concern is about the burgeoning budget deficits faced by India and the double digit inflation—about 12 percent—plaguing its economy. India's current account deficit has now

reached Rs[rupees] 43,391 crores, accounting for nearly nine percent of the gross domestic product (GDP). This, according to them, calls for swallowing the bitter pill of economic adjustment to bring down the runaway budget deficit to arrange well within 6.5 percent of GDP in the shortest period of time. They would like to see inflation reduced to three or four percent.

Remedies for achieving both objectives will call for cutting down subsidies and raising taxes, which will prove to be politically explosive.

While India has received a pat on the back for running a cost-related price policy for oil by passing on the rise in world prices to the consumers. Fund experts believe it must follow a similar policy in other areas like fertilizers and by doing so it is possible to make the ends meet in budget-making.

Dealing with 'white elephants': A related issue is how to deal with State enterprises some of which have become "white elephants." Underwriting their losses takes a toll on the economy. The interim budget proposed a modest beginning in the privatisation of state enterprises and much greater effort is called for to put the economy back on the rails. India recorded a 5.5 percent growth in the 1980s and achieved about nine percent industrial growth. With macro-economic reforms it could maintain, if not exceed, this rate.

About the IMF credit, neither the Fund nor the Indian Government has come out with any precise amount but the overall credit requirement would appear to be much larger than the figure of \$2 billion speculated in press reports. Some reports have speculated it could be nearly as much as what India negotiated in 1981—5 billion SDR [Special Drawing Rights] at the then prevailing SDR rate—in a standby arrangement.

India did not draw this credit fully then and has repaid substantially what it received. This is an additional feather in its cap for making good on its repayment obligations at a critical time.

On 18 January this year, the Fund approved about \$77 million under a first credit tranche stand-by arrangement for three months. The further tranches now remain to be negotiated and, usually, the second and third tranches have involved much higher credit than the first.

The total credit to be advanced apparently will be determined during negotiations between the Fund and the Government. Much will depend on how far India is prepared to tighten its belt and on the economic strategy to be adopted in the budget of the new government which is to be presented on 24 July.

Keenly awaited: The budget will be studied with interest by the Fund. The World Bank and traditional donors of India in the Aid India consortium also will scrutinise it to see the direction it takes in the critical area of economic liberalisation, especially how far it tends to deregulate industry.

The consortium meets in the second week of September to decide on the economic aid—usually about \$5 billion a year—to be given to India. As regards IMF credit, theoretically speaking, India, which has a membership quota of \$2.8 million in the Fund, can draw up to \$9.5 billion but no country has ever done that. At the height of its debt squeeze, Mexico came very near to drawing the maximum amount it was entitled to but backed out because it meant accepting tougher conditionalities and heavy repayment schedules.

New Delhi can get credit from certain other IMF facilities, most notably the Enhanced Structural Adjustment Facility (ESAP). This carries a low interest by 0.5 percent with a longer period of repayment but the Fund's conditionalities will apply equally to ESAP and other facilities.

When these facilities were set up for poor countries, India and China pledged not to seek any benefit from ESAP in order to help poor countries like Bangladesh and those in the sub-Saharan area. The gesture was appreciated then, and New Delhi is not expected to change this policy.

Grin and bear: But the size and stretch of the economy will indicate that to tackle its financial problems, India will necessarily have to seek a large credit from the Fund which in turn will certainly expect New Delhi to initiate reforms. The interest rate and other conditionalities are usually determined by the Fund on a case-by basis. Officials point out that existing conditionalities were evolved in 1979 by the Fund's general membership which includes India. Therefore, fund borrowers must grin and bear them without flinching. The adjustment programme has raked up fears of evaluation of the rupee in view of the unpleasant experience in 1966. But officials say that IMF is no longer suggesting devaluation to borrowers with any specificity except to advise them to have a "proper exchange rate" which would make their goods competitive in the export market and enable them to obtain hard currency. This term may be a euphemism for the word devaluation which is seldom used in Fund dialogues.

The IMF would seem to leave the question of fixing exchange rate to the members. They will be free to peg their currency to the U.S.dollar or the SDR, the IMF currency, or to a basket of currency as India has done.

Usually, the duration of the Fund-Government negotiations are completed in two weeks except in cases where more time is sought by the prospective borrower. On return to headquarters, the IMF officials prepare necessary papers for submission to the fund's executive board which will have four weeks thereafter to approve the credit. Thus, the process will last about two months.

The credits are usually subject to a quarterly review to see if programmes are being carried out and targets are being met. If the performance is not satisfactory, further corrective measures are suggested to the borrower.

Center Sells Confiscated Gold To Stem Crisis

91AS1137A New Delhi PATRIOT in English
6 Jun 91 p 1

[Boldface words as published]

[Text] In an unprecedented action, India has sold 20 tonnes of confiscated gold worth Rs.[rupees]200 million dollars (Rs. 400 crore) in Zurich to tide over the foreign exchange crisis, inviting strong criticism from various political parties, reports PTI.

An official spokesman said the gold had been sold with a repurchase option by the State Bank of India without affecting gold reserves of the country.

"The transaction is complete," the spokesman said when pressed by newsmen to specify the period of sale and whether more gold was likely to be sold in international market.

The Congress, the BJP [Bharatiya Janata Party] and the National Front [NF] chided the "caretaker" Government for its action and said the matter should have been left to the new Government.

According to a published report, the State Bank of India had airlifted the gold from Bombay to Zurich in two batches on 22 and 24 May by Swissair.

Govt defends move: The Government on Wednesday night stoutly defended the first sale of gold saying it implied only a "temporary monetisation of gold lying idle," adds UNI.

The transaction had been completed with a repurchase option at same price and as the gold would be returned at the end of a six month period for which it has been leased to the State Bank, there would be "no depletion of stocks on a permanent basis," an official spokesman said.

Official sources explained that the major advantage of the transaction was that the Government had been able to raise foreign exchange at the flat London Inter-Bank Offered Rate (LIBOR), which was about 6.3 percent, much lower than what commercial loans would have cost in interest.

The official confirmation of the transaction came within hours of sharp criticism of the Government's decision voiced by major political parties.

During the pendency of the lease, the State Bank had the option to use the gold to raise foreign exchange either by pledge or by sale with a repurchase option.

In pursuance of this lease agreement, the State Bank has entered into a sale with a repurchase option. What the

State Bank has undertaken is a commercial transaction, consistent with international financial and banking practices, he said.

It is learnt that the Government has been able to raise foreign exchange through this transaction at the flat London Inter-Bank Offered Rate (LIBOR), which is about 6.3 percent.

If a commercial loan had been resorted to, the interest rates would have been much higher, official sources said.

The repurchase can be made at the price the gold was sold, the sources added.

The gold leased to the State Bank had been taken entirely out of the confiscated stocks lying with the Government, the spokesman said.

"Therefore, the transaction does not affect the domestic pool of gold or the gold held by the Reserve Bank of India as part of its reserve assets."

The spokesman said the gold had been given to the State Bank "purely on a lease basis" for a period of six months.

As per the lease agreement, the State Bank is under contractual obligation to return the gold to the Government at the expiry of the lease period.

Center Acts To Liberalize Foreign Trade

91AS1176A Bombay THE TIMES OF INDIA
in English 5 Jul 91 p 1

[Text] New Delhi, 4 Jul (The Times of India News Service)—In one broad sweep, the government today attempted to take the country's decades-old foreign trade policy out of a system of administrative controls and licences by announcing major reforms, revolutionary in character in the Indian context.

The reforms include suspension of the cash compensatory support (CCS) scheme, abolition of supplementary licences and enlargement of the replenishment licensing (REP) scheme to cover all non-essential imports. REP will now be called Exim Scrip which will be freely tradeable.

Announcing a 13-point policy change at a news conference, the commerce minister, Mr. P. Chidambaram, said controls and licences bred delays, waste, inefficiency and corruption. The intention was to give an opportunity to the Indian trade and industry to turn the country into a modern trading nation.

With the success of the new policy, he hoped that the rupee would become fully convertible on the trade account in three to five years.

It was explained at the news conference that as a result of the policy changes, it would no longer be necessary for the controller of imports and exports to issue over 6,000 supplementary and 1,500 additional licences annually.

To that extent, the trade would be freed of bureaucratic controls and, instead, be guided by market forces.

All essential imports like crude and petroleum products, fertiliser and edible oil would, however, be protected. But all other imports would be linked to exports through the REP or Exim Scrip route.

Mr. Chidambaram, however, made it clear that all the changes announced today would be prospective. Concessions made earlier would be honoured.

Under the new policy, all exports will have a uniform REP rate of 30 percent of the free-on-board (FOB) value as against the present rates of 5 percent to 20 percent. Special rates for gems and jewellery, certain metal-based handicrafts and books and magazines will, however, continue.

Since REP will be freely tradeable, it will give maximum incentive to exporters whose import intensity is low. A major beneficiary will be the agricultural exporter who was enjoying REP rates between five and ten percent.

Industrial units with phased manufacturing programmes (PMP), Mr. Chidambaram explained, would have to meet their import requirements either by buying REP or by earning REP through exports.

All supplementary licences shall stand abolished except in the case of the small-scale sector and for producers of life-saving drugs and equipment. These two categories will be entitled to import both under open general licence or through supplementary licence.

All additional licences granted to export houses are also being abolished. But those houses who will enjoy a REP rate of 30 percent of the FOB value will be given an additional REP of five percent of the FOB value as an incentive.

All items listed in the limited permissible list, OGL [expansion not given] items imported by PMP units and all items listed in the appendix 4 and appendix 9 of the export-import policy will also be imported through the REP route.

As for the unlisted OGL category (that is, items which are not mentioned in any list of exim policy but deemed to be in the OGL), Mr. Chidambaram said it was also being abolished. Such items would be imported only through the REP scheme.

The commerce minister explained that advance licensing which was an alternative to the REP route for exporters for obtaining imports was being retained. Exporters could seek advance licences under which imports are duty-free and the REP rate for their exports would be 20 percent of the net export earnings as against the present ten per cent.

For other exporters importing their requirements through the REP route, duty drawbacks system would continue.

Mr. Chidambaram said the entire canalisation policy was also under review and he hoped to announce major changes shortly. This would have an impact on STC and MMTC [expansions not given], but the government's intention was to make them trading houses.

It was also the government's objective to remove all import licensing for capital goods and raw materials except for a small negative list.

He justified the abolition of the CCS scheme in view of today's liberalisation of trade policy and depreciation of the rupee. However, all imports effected until the mid-night of 30 July, would be entitled to CCS benefits, he said.

Mr. Chidambaram said that to provide greater automaticity to REP, the government intended to issue REP (now to be called Exim Scrip) as soon as export proceeds were remitted by an exporter. To make the system more transparent and free, it was also proposed to allow financial institutions to freely trade in exim scrips.

In due course, the Exim Scrip would be replaced by foreign exchange certificates (FECs) which would be more easily tradeable.

Mr. Chidambaram said that the measures he announced today had the full support of the Prime Minister and the finance minister with whom he had discussions yesterday. The Prime Minister was of the view that it would not be enough to liberalise the trade regime alone. Matching steps would have to be taken in the areas of fiscal and industrial policy. These are on the anvil, Mr. Chidambaram said.

The commerce minister said that he was also confident that he had been able to persuade the Prime Minister and the finance minister about the need for lifting import curbs on exporters and removal of high tariffs in the very near future.

Mr. Chidambaram expected the trade deficit in dollar terms for 1991-92 to be lower than the last year's due to an export growth of nine per cent by the current financial year-end.

The scrapping of the CCS scheme to exporters would bring about a saving of about Rs[rupees]1,500 crores in export subsidies and consequently in government expenditure, adds PTI.

The total export subsidy had shot up from Rs 463 crores in 1983-84 to a massive Rs 2,700 crores in the 1990-91 revised estimate. In the interim budget for 1991-92, export subsidy was estimated to be of the order of Rs 2,316 crores.

Of this Rs 2,316 crores, as much as Rs 2,095 crores was slated to be disbursed as CCS for export products, deemed exports and supplementary CCS in lieu of duty drawback for deemed export.

Therefore, the suspension of CCS with effect from 3 July would lower export subsidy and consequently government non-plan expenditure by around Rs 1,500 crores.

Mr. Chidambaram said in view of the substantial liberalisation of the trade regime announced today, and also the recent downslide of the rupee, the CCS has become redundant. He felt that the CCS no longer serves any purpose.

Mr. Chidambaram said he had intended to announce these trade reforms in a couple of weeks, but "events have overtaken us." It was, therefore, prudent to seize this opportunity offered to industry and trade.

He told industrialists that they had afforded the opportunity they had been wanting for and offered full support of the government in this great effort.

Economic Problems Seen as Crisis of Democracy

91AS0892A Varnasi AAJ in Hindi 19 Apr 91 p 6

[Article by S.R. Saundaryanidhi: "The Economic Crisis Is Also That of Democracy"]

[Text] The country is enduring a very serious economic crisis. None of the previous governments has demonstrated any strong desire to tackle this problem. This crisis is the result of the liberalization of the economic system promoted by Indira Gandhi and Rajiv Gandhi after 1980. The governments headed by V.P. Singh and Chandra Shekhar could not find any democratic solution to this crisis. V.P. Singh's industrial policy was an extension of the old policy. The strategies used by Chandra Shekhar also pushed the economy in the same direction.

We can divide the critical aspects of our economy in two parts. The first include defective strategies to increase income which is resulting in serious problems in this area, decreases in employment opportunity resulting in more unemployment, double-digit currency inflation, and serious imbalance in foreign exchange which means that our foreign exchange reserve is not enough even to pay for one month's imports. All this has pushed the nation into an unprecedented economic crisis.

The second part of this crisis is that the government had avoided reviewing the priorities and deciding on a new strategy for development, and had preferred to avoid problems and its responsibilities. The recent actions such as the temporary budget measure in the legislature and borrowing more money from the IMF in order to meet the present crisis are examples of this tendency. The IMF loan will be detrimental from developmental and general welfare points of view.

The IMF loan was taken on the belief that this was a logical step in line with the economic liberalization implemented in 1980. The cause of the present crisis is the government budget deficit. The IMF directors had suggested that instead of increasing a direct tax it was

necessary to decrease the present budget deficit from 8.5 to 6.5 percent. This reduction will be affected by reducing public aid projects. This means that subsidies given to farmers and projects to increase employment will be facing cuts. One example would be enough here. In the 1990-91 budget, 21 billion rupees were appropriated for Jawahar Employment Project. The amount for the 1991-92 fiscal year is estimated to be the same. If we consider the reduced purchasing power of the rupee because of inflation, it is obvious that appropriation for this project during the next year is reduced.

These welfare projects have been of some relief to the majority of our population that has been on the margin of our economic system. This portion of our population did not benefit from the 1980's economic liberalization. The benefits from that liberalization went to the upper and middle class people only. This small section of the society enjoyed an unprecedented consumerism and enjoyed more luxuries. However, the prices of those luxuries is being borne by the poor and already-suffering masses. There are other options to face this economic crisis. If we choose those options, the interests of the poor and the deprived sections of our society can be protected. Of course, the well-off classes would not be happy then and our government does not have the courage to upset these classes.

Probably, except for cooking oil, our nation does not lack any necessary items. Therefore, the most appropriate approach to improve the currency balance would be to restrict imports. A lot of foreign exchange can be saved by stopping import of materials related to production of luxury items and reducing unnecessary imports related to defense.

At the same time, the budget deficit can be reduced by increasing direct taxes and improving efficiency to collect them. The corporate sector cheats heavily on their tax payments by taking advantage of loopholes in the tax laws. This sector should be forced to pay full taxes. Similarly, strict measures must be taken to increase the sphere of personal income tax and curb the serious problem of black money.

Another strategy for reduce the deficit would be to cut down government expenses. No concrete step has been taken in this direction so far. The noise of practicing frugality proved to be a big hoax. Until and unless the government at high level leads this effort, the bureaucracy and other agencies will not stop the waste at their levels.

The country will suffer from economic recession and future developmental plans will be effected if welfare programs are cut instead of taking these suggested steps. The IMF loan is also being issued on the promise of these cuts. We are compromising our economic sovereignty by accepting these conditions even though we have the option of not doing it. As stated earlier, we can avoid this economic crisis by making our import rules stricter and affecting cuts in the appropriate areas.

The policy of economic liberalization implemented since 1980 has hurt the people badly. The people should be given relief and the economic system should be reformed. Two steps are necessary for this. First, the present employment and welfare programs should be expanded on a large scale to achieve the goal of making the right to employment one of the basic rights. Priority must be given to make drinking water, elementary education, and health and sanitary facilities available to the poor people. The second step would be to strengthen the public distribution system. More supplies must be procured and the quality of these supplies also be improved.

The developmental and welfare programs could not be implemented effectively because of the bureaucratic hold and corruption. The people for whom these programs were implemented did not benefit much from these. It is important that financing and administration of the program be decentralized. This responsibility can be given to selected local administrative units. These units will implement the programs better because of local pressure.

All political parties promise equality and social justice. However, our experience to date is that their promises are forgotten once they form the government. All government policies are made to benefit influential pressure groups—the investors, landlords, and the upper and upper-middle class people.

As a result of this tendency, these groups [middle and upper classes] have not been affected even when the economy of the nation is in grave crisis and when the common people are suffering. This contrast has become apparent at social and regional levels and is causing tension among various groups resulting in a violent atmosphere. This has encouraged the separatist groups and endangered national unity. Our nation has reached a point where the welfare of the masses and the national sovereignty have become one. At this time, national sovereignty cannot be maintained by making policies that are detrimental to the masses. If they continue to make policies to help the upper and upper-middle classes, then they would be doing this at the cost of sovereignty.

Columnist Deplores Country's Economic Plight

*91AS0814A New Delhi JANSATTA in Hindi
2 Apr 91 p 6*

[Article by Rai Singh: "We Are Getting Trapped in the Clutches of Debt"]

[Text] The government is scared because of the serious economic plight in the country. The story here is of making a great and fertile nation into a weak and begging nation. The prime ministers and finance ministers of India are the criminals accused of throwing away the hard-earned money of the Indian people in order to protect their vote banks and their false egos.

Who was responsible for this economic plight and how did this all happen? This is a long story. This actually began in 1947. About 150 billion rupees were transferred into the British pound in London after World War II was over. After the partition, about 100 billion rupees in the British pound were given to India. However, this amount was spent in a few years and soon India owed money to England. In other words, our habit of financial recklessness is very old.

The 30 billion rupees in foreign exchange available at present are not enough even to pay our import bills until this April. India has estimated that it would be able to pay off a \$2 billion loan from this international currency fund this year. The International Monetary Fund (IMF) had advanced a loan of \$1.8 billion or 32 billion rupees to India this past January. The question is, where did this 32 billion rupees disappear within three months? Actually, this money did not disappear. It was used to pay interest and installments on a loan of \$3.5 billion taken out during Indira Gandhi's era. This means that India, instead of paying off old debts, is borrowing more money to pay installments and interest on old debts. A situation like this can be described as being trapped in the clutches of debt. If a country gets stuck in the quicksand of debts, the whole world knows of its insolvent economy. The government has sent letters to President George Bush, Britain's Prime Minister John Major, German Chancellor Kohl, and Japan's Prime Minister Kaifu. However, there appears to be no hope of any donations coming in soon.

The situation has gotten so bad that the meeting of the coalition of nations to help India scheduled for this June has been canceled without deciding on any other date. This would mean that the newly elected government of India will be totally bankrupt before September or October. Neither the IMF nor the members of the coalition of nations to help India can be blamed for this situation. The blame falls on the leaders of this country who have saved their necks by passing the temporary budget without caring for the interests of this country. It is important to mention here that the IMF had clearly told India before issuing the \$1.8 billion loan that it must reduce its budget deficit. India was also told to use 6.5 percent of its GNP for paying off national and foreign debts. India had accepted these IMF conditions; however, the deficit in our annual budget has doubled instead of decreasing, and the expenditures are still increasing. The government found a very simple solution to this economic crisis and did not even present the annual budget. The creditors have said that this temporary budget does not allow them to analyze the real economic condition in India and they will not issue new loans without this analysis.

India has two options in this difficult situation. The first is for India to borrow money for a short period and the second is to collect foreign exchange from Indians living abroad. India is trying to implement both options, however, it is facing some insurmountable obstacles. The first problem is that short-term loans require 15 to 20

percent interest in the open market and they are to be repaid within 90 or 180 days. India's production, rate of productivity, and exports are so limited that it is not capable of making payments of loans issued in the open market. It would mean that India will have to borrow more money to pay off these short-term loans. India would be stuck deeper in debt because of this vicious cycle.

It is important to mention here that India already has been taking these short-term loans. These loans totaled about four billion rupees in 1985, however, Rajiv Gandhi had increased these loans to 50 billion rupees before he left the government. V.P. Singh increased this heavy 50 billion rupees loan to 60 billion rupees within one year, and this loan has swelled to 70 billion rupees now. Because of this lack of responsibility and the political circus of the last 15 months, Moody, the international financial agency, has rated India so low that most of the industrialized nations are hesitating in issuing open market loans to India. If India does not produce \$1 billion in foreign exchange now, it will have to declare its inability to pay foreign debts like some South American and small African countries. This kind of declaration would be a first for India and it would hurt its prestige very badly.

As for the second option, there are many problems with it too. Indians living abroad do not want to invest their money in a country whose financial reputation is in jeopardy. The assumption that Indian nationals living abroad would invest their foreign exchange in India just because of their patriotic feelings is wrong and childish. Money from abroad will come only when the people are assured of profit. It is totally wrong to say that Indian foreign currency bank has dwindled because of the reduction in money sent by Indian workers after the Kuwait-Iraq war.

According to the published statistics for 1989-90, we received 29 billion rupees from Indians in Kuwait and 7 billion rupees from Indians living in Iraq. Compared to it Indians living in Saudi Arabia sent 90 billion rupees, those in the United Arab Emirates remitted 60 billion rupees, the amount from Oman was 30 billion rupees, from Bahrain 13.5 billion rupees, and from Qatar 11.25 billion rupees in foreign exchange. This means that the foreign exchange sent by Indians living in Kuwait and Iraq was negligible. The fact is that the Indians living in other countries have reduced their remittance for several other reasons.

In order to hide their mistakes and shady dealings the then prime ministers and finance ministers told the people that the national deficit was caused by the increases in crude oil prices and that India was facing problems in meeting its foreign exchange needs. They increased surcharges on gasoline and diesel as well as levied many other taxes. The truth was thus hidden. According to petroleum production experts, oil production in India is decreasing instead of increasing because

of carelessness and inefficiency. The situation has deteriorated so much that this year India will produce 3 million tons less petroleum. The Soviet Union has also decreased its supply to India by 50 percent. India has spent an additional 26 billion rupees on oil imports during 1990-91. This extra expense could have been avoided if there was no decrease in domestic oil production. According to some experts, India will have to spend only 90 billion rupees and save over 20 billion rupees in foreign exchange if it improves the efficiency of its oil refineries.

India has to pay the IMF 12 billion rupees in foreign exchange during the 1991-91 financial year. This payment is part of the \$3.5 billion loan received during Indira Gandhi's time. India also has to pay 24 billion rupees to pay off the short-term loans taken out in the open market. Thus, this combined payment of 36 billion rupees cannot be made even from the 32 billion rupees coming from the IMF. It is obvious that India has no alternative but to borrow more money. If all of India's foreign debts are combined, each Indian citizen would have to pay \$1,000 every year. This \$1,000 amount is out of the question, an Indian citizen cannot even pay \$20.

Effects of Rupee Devaluation Pondered

91AS1139A Madras INDIAN EXPRESS in English
6 Jun 91 p 9

[Text] New Delhi, 5 June: The World Bank and the International Monetary Fund have asked India to devalue the rupee by 22 percent, according to Dr. Jay Dubashi, member of the Bharatiya Janata Party's [BJP's] national executive. Quoting from the World Bank's latest confidential report, as yet unpublicised by the Chandra Shekhar government, Dr. Dubashi told newsmen here on Wednesday that the devaluation of this order was the price being demanded by the bank and the IMF for their aid packages to India.

"This massive devaluation will play havoc with the economy and the common man in India. It will bring down the rupee (value) sharply from 21 rupees to the U.S. dollar of 27 rupees and raise the costs of all imports particularly petroleum imports," he said. Dr. Dubashi also outlined the cascading effect the devaluation of this magnitude would have on the general price line and explained the circumstances in which these international organisations. [sentence as received] The country's economic situation had deteriorated in recent weeks, as reflected in the sale of 20 tonnes of confiscated gold on 30 May for an inflow of \$240 million into the national exchequer. On the same day, Dr. Dubashi said, Standard and Poor, a New York-based firm had derated India's credit rating by one notch from the "BB grade" to the "BBB grade." The rating meant that India was now put in the category of countries that could be given loans only on a "speculative" basis.

The enormity of the country's current economic problems would show that "only a government that can stand

up to the World Bank's blackmail can save Indian industry and the harassed Indian housewife," Dr. Dubashi said. Neither the Congress-I nor the National Front could boast a record of standing up to foreign agencies, he further said, pointing out that it was, in fact, a congress-I government that went to the IMF for a loan in 1981. "And, the first thing that the National Front government did was to send its men to Washington to sound the IMF for a second loan."

The BJP, on the other hand, was of the consistent view that "it is not necessary to go to the IMF for a loan without first exploring other avenues. It should be possible to untie a portion of what is known as tied aid and raise two to three billion U.S. dollars straightway," Dr. Dubashi said. There was already an accumulation of committed project aid of the order of \$25 billions lying unutilised in view of the failure of successive Indian governments to raise the necessary rupee resources as a pre-requisite to use the project aid from abroad.

Asked how the BJP, if now voted to power, would stand up to the foreign agencies and raise the rupee resources needed to untie even a part of the committed foreign aid, Dr. Dubashi said it was all a question of "recasting the country's economic structure" and displaying the necessary diplomatic and political will.

The country now stood in need of urgent steps that would prevent "IMF riots" on the streets of Indian cities on the lines of the riots that had rocked Mexico over the IMF's conditionalities, the BJP leader said.

On paper, he said, the World Bank had set out a seemingly "rational" course of action for India. But, the bank's recommendations, meant for implementation over a period of three years, would prove "ruinous" in the Indian context, Dr. Dubashi said and summed up the bank's report in the following words:

"The report calls for drastic reductions in import tariff from the present 130 percent to 30 percent. Since this will affect government revenues, excise duties are to be hiked by 20 percent. At the same time, all government expenditure is to be cut down by 10 percent. The bank is keen on slashing India's import tariff on all goods, including consumer goods, and putting them on the OGL [Open General License] list. But the main stress is on rupee devaluation."

"The bank admits that industry will (then) slow down, because of high prices and lower demand. It expects capital goods production to go down by 12 percent and (that of) other goods by 6 percent."

Asserting that "this is a tailor-made recipe for recession and inflation," Dr. Dubashi further said: "The bank is obviously interested in opening up the Indian market to foreign companies, particularly the multinationals." If "the bank has its way, the Indian market will be flooded with foreign goods, (including even) soaps, cosmetics, TVs and VCRs, driving out Indian goods and forcing the

closure of factories all over the country and creating large-scale unemployment by the million."

The bank's prescription would, in fact, produce a fall-out of enormous proportions, Dr. Dubashi said, and outlined the scenario as follows: "Petrol prices will go up overnight to Rs. [rupees] 16 a litre and so will the prices of diesel, kerosene and cooking gas. A cooking gas cylinder will cost Rs. 80. And the 22 percent devaluation of the rupee will increase our foreign debt burden by 22 percent."

Dr. Dubashi contrasted this scenario with what the Congress-I had promised in its election manifesto and asserted that the BJP would, on the other hand, stem the rot in India's economy.

Papers Report 'Routine' Rupee Devaluations

Expected Effects

91AS1179A Bombay THE TIMES OF INDIA
in English 2 Jul 91 pp 1, 13

[Article by Tapan Dasgupta]

[Excerpt] New Delhi, 1 Jul (The Times of India News Service)—As a positive signal to the IMF and the World Bank to expedite the ongoing loan negotiations, India today devalued the rupee sharply against the major international currencies.

The decline in the value of the rupee in terms of four major international currencies ranges from 8.7 percent for pound sterling to 9.7 percent for Japanese yen. The value of U.S. dollar is up by 9.5 percent, from Rs[rupees]21.01 on Friday to Rs 23.01 today. The value of deutschmark (DM) in terms of the rupee has also gone up by 9 percent, from Rs 11.66 to Rs 12.71 per DM.

By far the sharpest depreciation of the rupee has been against yen, 9.7 percent, with 100 yen costing Rs 16.69 as against Rs 15.22 last Friday. The pound sterling will also be costlier by 8.7 percent, with its value in terms of rupee having gone up from Rs 34.36 on Friday to Rs 37.37 to a pound today.

Since devaluation is a "nasty" word, and not expedient politically, the Reserve Bank governor and finance ministry officials have chosen to describe it as "exchange rate adjustments." But since 1970-71, the last year of fixed exchange rates, this is the heftiest adjustment ever recorded on a single day and there has been no development in the international currency market to warrant it. In other words, the devaluation of the rupee is a conscious decision taken at the highest level.

In fact, the RBI's [Reserve Bank of India] step to bring down the value of the rupee in deference to the wishes of the IMF and the World Bank marks the end of a debate that had been going on within the finance ministry since India decided to approach these agencies for loans to meet its balance of payments situation. For the IMF and

the World Bank, adjustment of the exchange rate, a polite word for devaluation, is given the top priority. Devaluation makes exports cheaper in the foreign markets and imports dearer in the home market. The trade gap is narrowed down and the balance of payments (BOP) situation becomes more manageable.

But the critics of devaluation say that things are not that simple. The linkage between devaluation and exports has not been clearly established in India's case. India has been devaluing the rupee ever since 1981, but its share in the world trade has not gone up more than proportionately. This is because of the composition of India's exports which consist of traditional items, the demand of which, to use an economist's jargon, is relatively less elastic.

Between 1980 and 1985, the rupee was devalued by 33 percent, but India's trade with general currency areas went up by only 9.7 percent. But in 1987-88, the rupee was devalued by only 1.33 percent but exports jumped by 28.9 percent. Analysts, therefore, have concluded that devaluation helps a country only when world trade is expanding and not when the world trade is stagnant or shrinking. During 1980-85, world trade expanded by only 2.6 percent, whereas in 1987-88, it grew by 5.6 percent.

And the forecast by the World Bank, UNCTAD [UN Conference on Trade and Development] and other multilateral agencies for the coming year is a stagnant world trade.

India is likely to face a number of other problems because of the devaluation. Firstly, the cost of India's bulk import items will go up in terms of the rupee. This implies that very soon, the government will be forced to raise the prices of petrol and petroleum products and the subsidy on fertilisers will go up if fertiliser prices are not raised.

India imports annually about Rs 3,000 crores worth of fertilisers. On an average of 9.5 percent devaluation, the imported fertilisers would cost about Rs 300 crores more. This additional cost the government will have to meet either through a price increase or through a subsidy that in turn will increase the budgetary deficit.

Another budgetary problem will be caused by the fact that the government will have to find more rupee resources to meet its debt servicing obligations. Thus, if the annual debt servicing obligations is, say, Rs 4,000 crores, the government will have to find another Rs 400 crores because of the devaluation.

Devaluation may also reduce the disbursal of aid by the World Bank and other donor countries due to the simple reason that matching rupee funds would not be available. Already, nearly \$10 billion of World Bank aid is lying unused, for which India has been paying annually about \$30 million to keep the option open.

The reason this remains unused is the Centre and the state governments are unable to find the matching rupee funds. The need for rupee funds due to devaluation will go up by the extent of devaluation of the rupee, making mobilisation of resources even more difficult.

In fact, analysts say that devaluation should have been the last of the economic reforms in the domestic economy. The reforms are removal of all constraints in production, including removal of all controls, free entry and exit for industries, simplification of excise and customs, freedom to import technology and freedom for foreign investments. The last on the cards should have been devaluation. Possibly because all these measures would be controversial, and some of these would require legislative sanction, the government thought it fit to carry out devaluation first to give a clear, positive signal to the IMF and the World Bank.

The finance minister, Dr. Manmohan Singh, told a news conference recently that the government wanted to open up the economy. But a political consensus is yet to be reached. But in the meanwhile, he agreed to the devaluation which is most likely to add to the confusion.

In the past, when devaluation produced disastrous results, the political leadership refused to take the responsibility and the non-politician finance minister's head rolled. Dr. Manmohan Singh is an economist, and not a politician. [passage omitted]

Further Devaluation

91AS1179B Madras *THE HINDU* in English
4 Jul 91 p 1

[Text] New Delhi, 3 Jul—Within 48 hours of the first announcement, the Reserve Bank again devalued the external value of the rupee today by 11.83 percent against the pound sterling, the intervention currency for exchange rate adjustments.

Immediately after this, the Union Finance Minister, Dr. Manmohan Singh, announced in New Delhi that there were no prospects of any further change in the exchange rate since the rupee had reached a level where it could be stable for quite some time.

Strategy To Stimulate Exports

On the contrary, he said the rupee would become stronger if he was allowed to implement the package he proposed to introduce shortly to pull the economy out of the mess that it was in. The first of these measures, substantial reforms in the trade regime, would be announced by the Commerce Ministry today itself, he declared. (The Commerce Ministry, however, failed to announce the policy since the Prime Minister, Mr. P.V. Narasimha Rao, had to approve it. The announcement is likely tomorrow.)

According to the Finance Minister, the depreciation of the rupee value in two installments, 8 to 9 percent in the first round and 11 to 12 percent today, was an integral

part of the strategy to stimulate export promotion, to induce effective import substitution and to stop the flight of capital from India. The current situation had given rise to a lot of "destabilising speculation" about the future of the economy and had created a sense of insecurity among the creditors abroad, including the non-resident Indians who hold sizeable foreign currency deposits here.

"We had reports that there was a danger of a run on the rupee. If that had happened, the Reserve Bank would have to close shop, given the current position of our reserves. I had to act immediately and my experience in the RBI told me what I had to do," Dr. Singh told presspersons here. "By this action, we have told those who were keeping their money abroad that they gain nothing by doing so and now we see a flow of capital into India. The trend has just begun."

The two devaluations had shown to the world that India was serious about managing its balance of payments situation, the Minister said. The world has now got the signal that we are turning the crisis into an opportunity to initiate structural reforms across the board. Asked whether the industrial policy along with the trade policy would also be restructured, the Minister said that the Government would go in for reforms in all sectors.

"In National Interest"

Strongly denying suggestions that the devaluation had been undertaken at the suggestion of the International Monetary Fund (IMF), Dr. Singh said the decision was in keeping with the national interests and there should be no confusion about this. He also quoted the Congress(I) election manifesto which had said that the party would "establish an appropriate exchange rate mechanism" along with other measures to tackle the foreign exchange crisis.

Responding to another question about the adverse effects of the previous major devaluation in June 1966, the Minister said that 1991 was not the same as 1966. At that time the country was living from "ship-to-mouth" (heavily dependent on imports of foodgrains) but now the food buffer stock with the Government was over 20 million tonnes. "We have enough strength in the economy which will see that 1966 will not be repeated."

Explaining the rationale of the depreciation, Dr. Singh said India had to concern itself more with the exchange rate adjustments made by its major competitors like Pakistan, Thailand, Korea and China, among others. In 1983, for instance, India and China had more or less the same level of exports at around \$13 billions, but today India's exports had only gone up to around \$18 billions while China had crossed \$55 billions. Next to Japan, China has the largest trade surplus with the United States, he added.

The Finance Minister conceded that there would be some effect of the rupee depreciation on the import-intensive industries but these were basically catering to

the "upper crust consumption." They will have to pay more for these goods, he said and added that the Government would ensure that the burden did not fall on the poorer sections of society. Asked about possible customs duty reductions to offset the higher cost of imports, he said any discussion on this aspect was not possible now because of the coming Budget.

More on IMF

91AS1179C Madras *THE HINDU* in English
2 Jul 91 p 9

[Excerpt] New Delhi, 1 Jul—Despite denials by the Finance Ministry, the major depreciation in the value of the rupee effected by the Reserve Bank today is the first plank of the structural adjustment programme to be launched by the Government to get immediate assistance from the International Monetary Fund.

This "stating of intent" to go ahead with structural changes by the Government was necessitated by some immediate assistance from the IMF since the larger loan is expected only after presentation of the Union budget. Meanwhile, the Government is in dire need to raise foreign exchange resources to repay short-term obligations. In fact, highly-placed Finance Ministry sources say the situation is so precarious that the Government is raising loans every day in the international commercial market to repay the short-term debts. On top of this, there is heavy pressure on the Ministry to sanction foreign exchange for spot purchases of petroleum and fertilizers, essential to keep the economy running.

According to the sources, any default at this stage is likely to send wrong signals to all investors, including non-resident Indians [NRI] who have sizable deposits. "With foreign exchange reserves reportedly around Rs 2,500 crores in end-June, any heavy withdrawal by the NRIs could spell doom for the country. In this situation, there is no alternative to approaching the IMF. Going to the IMF may have been an option one year ago. Today, it is a certainty."

The Ministry officials are also unhappy that political criticism of the previous Government's move to raise small loans by pledging gold in the international market has closed this option for the present Government. The Finance Minister, Dr. Manmohan Singh, has gone on record to endorse the gold sale move but is constrained from repeating the act because the Congress(I) was in the forefront to criticise the previous Government on this count. Therefore, the only option available to him is to approach the IMF.

Another constraint is that the Congress(I) Government does not have a majority in the Lok Sabha which would have made it easier for Dr. Singh to push through his structural adjustment programme for the economy. Its minority character has given rise to some apprehensions

in the IMF that the Government may not be able to implement its policy programmes and it is in this context that it was felt necessary to send a signal to the IMF by depreciating the rupee substantially. This is expected to smoothen the way for sanction of some immediate assistance.

Since the larger IMF assistance is expected to be sanctioned only after the presentation of the budget, Dr. Singh has already started the process to build up a consensus on this issue within the country because major policy initiatives will have to be launched to secure the loan. Reports suggest there are various policy options that the IMF will be proposing, depending on the quantum of assistance sought. Among these are a cut in defence spending by nearly 10 percent, selected disinvestment of government holdings in public sector undertakings, including financial institutions, and reforms in the international trade regime, particularly reduction of tariff barriers.

PM's Initiative

It is against this background the Prime Minister [PM], Mr. P.V. Narasimha Rao, took the initiative of discussing the economic situation with the leading Opposition parties to create a conducive atmosphere in which the policy changes can be initiated. The presentation the Finance Minister made at this meeting more or less convinced the Opposition, including the Left parties, that approaching the IMF was the only way to bail the country out of the present crisis. The Opposition parties expressed concern at the conditionalities and have been assured that the Government would be in touch with them before committing to these.

Simultaneously, the Government has also got in touch with trade and industry associations to garner their support for its new economic strategy. The successful attempt on this front was reflected in the statements today by the major chambers of commerce and industry endorsing depreciation of the rupee.

On another plane, eminent economists have put their weight behind the proposed structural adjustment programme. In a statement issued under the aegis of the Observer Research Foundation, Dr. P.N. Dhar, Chairman of the Institute of Economic Growth, Dr. I.G. Patel, former Director of the London School of Economics and former RBI Governor, Mr. M. Narasimham, former Finance Secretary, and Mr. R. N. Malhotra, immediate former Governor of RBI, said there was no alternative to approaching the IMF and that the conditionalities should not daunt us. They have called for simultaneous and concerted action over a broad array—fiscal, trade, industrial and labour policies, including an "appropriate and competitive exchange rate policy" which implies a devaluation of the rupee. [passage omitted]

Free Convertibility of Rupee Favored*BK0907114991 Delhi INDIAN EXPRESS in English
3 Jul 91 p 8*

[Editorial: "The Rupee's Slide"]

[Text] Dr Manmohan Singh is going to make it more difficult to reach the economic goals he has set for himself if he is now persuaded that it is good tactics to play footsie with the sentiment of the backwoodsmen who abound in our political hinterland all through the party spectrum. It is no help to describe the drastic downward adjustments of the value of the rupee as a routine exercise the Reserve Bank has been practising over a long period. It fools nobody and only makes it harder to sell to the country the truth that the rupee has been maintained at too high an artificial level and that a further massive dose of devaluation will have to be put through if the country is ever to come to grips with the realities of the global economic situation. These depart violently from the nostrums contained in Mr Nehru's Industrial Policy Resolution though not so violently from the Congress (I) manifesto on which the late Mr Rajiv Gandhi put his seal.

The false value at which the rupee has been maintained has distorted the entire economy of the country. Abnormally high tariff walls have had to be erected so that imports would reflect something like the rupee's true value. At the same time, exporters have had to be compensated with subsidies to bring the products of Indian industry saleable in world markets. The insulation of the Indian economy from global competition has not been unwelcome to most of our industrial barons who see no virtue in cost-effective production so long as the Indian consumer has nowhere else to go. The struggle to keep the rupee at its artificial valuation has cost us dear in other ways. It has bred a flourishing smuggling industry and has led to malpractices such as forged invoices and the constant flight of the rupee in search of foreign havens which guarantee secrecy. In order to arrest these vices, the home economy came under a stringent set of regulations and licences and quotas, which not only acted as a brake on economic activity but created new opportunities for corruption among politicians and bureaucrats.

If the country is ever to escape from the vicious circle the only answer is free convertibility of the rupee. The risks that are usually mentioned in this course are imaginary and only operative in the short run. The Pakistani rupee is today fully convertible and the measure has not led to a cataclysm. There is no reason why the Indian rupee should go under with exposure to the winds of freedom. The present dose of devaluation is not going to be the last one and it is time we educated the country to accept economic realities rather than invent some lubricious explanations which will make the acceptance of realities harder.

Devaluation of Rupee Criticized*BK0907123191 Delhi THE HINDUSTAN TIMES
in English 4 Jul 91 p 11*

[Editorial: "This Is Not the Way"]

[Text] Closely following Monday's "depreciation", the RBI [Reserve Bank of India] has taken the country by surprise by devaluing the rupee by another 10.58 percent. Finance Minister Manmohan Singh's claim that the first dose was meant to get a feedback, is simply untenable. His plea that the response, especially from nonresident Indians, has been good and that they have begun sending more money to India since Monday also does not wash. If he was convinced that a larger dose of devaluation was necessary, a one-time decision could have carried the people with him. As it is, Dr Manmohan Singh seems to have ignored the need for establishing his credibility with the people. There may not be many takers now when he says that there will be no more devaluation.

A two-stroke devaluation only strengthens the widely-held belief that the Government is finding it difficult to face the pressure from the IMF which might have indicated that 8.7 to 9.7 percent depreciation in the rupee value was not enough. With the stiff dose of an average of 22 percent of devaluation, the rupee value in real terms should be considered "a realistic exchange parity" by the IMF to enable India to get a loan of \$5 to 7 billion. The hefty devaluation should also shift non-resident Indians to deposit more foreign currency in Indian banks instead of foreign banks.

All this was predictable. But the main burden at home will fall on such imported commodities as fertiliser, edible oil, petroleum products, steel and steel scrap and newsprint. Prices in general are likely to go up. The country will have to make an optimum use of existing infrastructure to contain inflation. It will also have to judiciously use whatever foreign exchange it has at its disposal. The devaluation can achieve its purpose if the industry meets the challenge by a massive indigenisation programme. Import of components and spare parts will have to be regulated on a voluntary basis only for export-based industries.

The agenda for economic reform presented by four eminent economists—P.N. Dhar, I.G. Patel, M. Nar-simhan and R.N. Malhotra—assumes importance in this context. These experienced economic administrators have made out a strong case for what they call "self-imposed conditionalities" in three major thrust areas—correcting the fiscal deficit, an appropriate and competitive exchange rate and a move towards an open economy. It is clear that there is no alternative to going for the IMF loan, but the IMF conditionalities are something which the country should itself implement on its own because no nation can live beyond its means. The moral support of the economists should go some way in strengthening the hands of the Finance Minister for going ahead with harsh and unpopular measures in the interest of the country. But he also must remember that it is better to be straight in relationship with the people who have not been found wanting in a crisis in the past.

U.S. Firm Lowers Credit Rating

91AS1120A Calcutta THE TELEGRAPH in English
3 Jun 91 p 8

[Text] Washington, 2 June: India's credit rating was further downgraded by a reputed American ratings company, Standard and Poor's (S&P).

The New York-based group recently lowered India's ratings on long-term senior public debt to BBI from BBBI, and short-term senior public debt to BI from a credit rating of +A-31+.

The long-term senior public debt is the top end of the debt structure of a country, such as bonds, public markets, or commercial paper. The letter +1 indicates the rating is implied, such ratings are assigned also to governments that have not requested explicit rating for specific debt issues.

The earlier triple B rating, while not good, implied a country had adequate capacity to pay interest and repay principal. The current BBI+ and BI ratings are regarded as having predominantly speculative characteristics. While such debt is likely to have some quality and protective characteristics, the company maintains these are outweighed by large uncertainties or major risk exposures to adverse conditions.

India's long-term rating remains on "Creditwatch," S&P's mechanism for indicating to the market that while particular rating was given, there was uncertainty about certain important factors underlying so that the rating may have to be adjusted shortly. The company has given India's long-term rating negative implications, meaning that the prospects are that a further downward rating is possible. Mr. Guido Cipriani, a spokesman for S&P, clarified. But India's short-term rating has been removed from the Creditwatch.

As a direct result of this, the State Bank of India's commercial paper rating is lowered to a single "B" from "A-3" and removed from Creditwatch.

These actions reflect the heightened risk that the Indian government will not be able to take quick measures to solve the serious and growing external liquidity and payments problems, the company asserted.

Mr. Cipriani indicated that till last August it seemed that New Delhi could deal with its debt problems. "But nobody knew how reserves were being drawn," and it was only in the last quarter that the severity of the difficulties came to be known, he said.

The assassination of Mr. Rajiv Gandhi, the company said, compounds the political situation. The postponement of elections and the extension of the tenure of the present "week national government," the company maintained, fosters costly delay of crucial fiscal policy and industrial reform, leading to further buildup of heavy fiscal and external debts and mounting price pressures.

India's most pressing need was to table a Budget when the new government comes into power, which would be in July, for fiscal 1991 to include substantive Budget deficit cuts, a prerequisite for International Monetary Fund (IMF) loans and new policy-based loans from the World Bank.

"To date, however, other official assistance and measures to compress imports have been insufficient to offset considerable retrenchment of commercial lending, non-resident deposits, and other capital inflows contributing to a dwindling of foreign exchange reserves," the company noted.

However, the Bank and the Fund said they would continue to work with the Indian government on a programme of corrective policies aimed at strengthening the Indian economy.

They also said in a joint statement, issued immediately after Mr. Gandhi's assassination, that the Aid India Consortium also remained committed toward that end.

IBRD Official on Country's Economic Picture

91AS1127A Calcutta THE SUNDAY STATESMAN
in English 26 May 91 p 5

[Text] The World Bank (IBRD) vice-president for the Asia region, Mr. Attila Karaosmanoglu, has said "many problems await India's new Government and it will need to manage this (foreign exchange, fiscal deficit, inflation and other crises) with skill and dispatch while also addressing the many structural reform issues inhibiting growth of the economy," reports PTI.

Addressing the Japan Centre for International Finance in Tokyo yesterday with a view to persuading Japan to invest and trade more with Asian countries and especially India and its neighbours, Mr. Karaosmanoglu said, in recent years, the Bank's overall view of Asia's prospects had been strongly optimistic and hopeful.

However, "this year we see some disturbing developments. In several countries, questions were being raised as to whether the momentum of structural reforms was not slowing down. In many there were growing political tensions with increasingly ominous interactions between poverty, population growth and environment. "These concerns temper our usual optimism," he said.

The eighties saw the emergence of India and China as accelerators of the region's growth, but more recently macro-economic strains were beginning to be evident in both countries.

For India, said Mr. Karaosmanoglu, the eighties were a decade of higher growth performance and improved social indicators, but in recent years growing macro-economic balances emerged as a source of concern. The recent mid-east oil shock precipitated, therefore, an economic crisis with origins long before 1990.

"Foreign exchange reserves had fallen to seven week of imports by July end, 1990, and major foreign rating agencies were already reviewing India's credit rating, which was subsequently downgraded.

The oil shock itself was not as severe as that of 1973-74 or 1979-80, but it hit the Indian economy when it was already on the verge of a foreign exchange liquidity crisis.

The additional import costs of higher oil prices, lost remittances and other through 31 March were about \$1.6 billion, and the current account deficit increased by roughly the same amount in fiscal 1990-91 over its fiscal 1989-90 level. Fiscal deficits continued to mount and are now at a level equal to about 9 percent.

The consequences of all these developments were sharply reduced access to external commercial borrowing, the emergence of double-digit inflation, and a fall-off in reserves to about one month of imports by March end, 1991, despite tighter import controls and IMF drawings in January 1991 totalling Rs.[rupees]1.8 billion (under the compensatory and contingency financial facility and first credit tranche).

"Although the economy continued to grow in 1990-91, the expectation for the present fiscal years are more conservative," he said.

"The onset of such serious macro-economic difficulties, accompanied by continuing political uncertainties," said Mr. Karaosmanoglu, "has already exerted a dampening effect on the progress of key economic policy reforms to deregulate industry liberalize the trade regime and improve the overall environment for private sector activity."

Mr. Karaosmanoglu calculated that the additional expenditure if India is to achieve universal primary education in the year 2000 will be \$2.246 billion. The 1990 expenditure on primary education in India was \$1.080 billion.

The number of additional pupils India would have to enrol to reach universal primary education in the year 2000 would be 40.043 million. The annual average growth of expenditure to reach this goal would be 7.3 percent.

Mr. Karaosmanoglu said the number of Asian children not attending school remained large today—about 70 million, representing nearly half of the worldwide total of 145 million out-of-school children in this age group.

Most of these children were concentrated in India (35 million), China (12 million) and Bangladesh (7 million). The problem arose not so much due to low rates of entry into school as to the high drop-out rates. Even for those who remained in the system, quite often the training level was inadequate due to poor quality of teachers and substandard facilities.

India, Bangladesh and Nepal devoted only 0.7 to 0.8 percent of the gross domestic product to primary education—about half the average in Asia and barely a third of the ratio in the best performing Asian countries such as Korea and Malaysia, he said.

While the achievement of universal primary education would require additional resources, it was important to emphasize that for Bangladesh, India and Nepal, where the number of children out of school was relatively high, national expenditures on primary education would need to just more than double between now and the year 2000 in order to gain system improvements capable of delivering universal primary education in the year 2000.

The major bilateral donors, in particular Japan, could and should join the bank in an international effort to erase illiteracy from Asia within a generation.

On the environment front, the magnitude of the problem of land degradation, water and air pollution, deforestation and loss of biodiversity was becoming ominously clear in Asia. Atmospheric pollution in Asia presented a global threat.

"Today Asia produces 20 percent of the world's greenhouse gases. Emissions in India and China are growing by 6 to 7 percent per year while industrial world emissions are growing by less than 1 percent. Left unchecked, these two countries in the next 20 years will double their carbon dioxide emissions and offset the 40 to 50 percent reduction in carbon dioxide output being targeted by the industrial countries."

The growth of sulphur dioxide emissions in Asia was similarly troublesome. Today China's sulphur dioxide emissions were 18 million tons per year compared to 1.1 million tons from Japan. India emitted 7 million tons and Thailand 3 million tons. Left unchecked, the Asia region's contribution of global sulphur dioxide would grow from 28 million tons to 76 million tons in 2010.

"Asia consequently presents the greatest single threat to the world's environmental balance in atmospheric pollution."

Degradation of forests, land and water was also a serious threat. Almost 50 percent of India's cropped area was classified as degraded.

Water quality was also deteriorating while competition for water was growing.

The environment hazards, unless confronted, would eventually result in reduced economic growth, intolerable living conditions, particularly for the poor, and massive investment requirements for rehabilitation and protection.

Japan Grants New Emergency Loan

91AS1134A Bombay THE TIMES OF INDIA
in English 12 Jun 91 p 15

[Text] The Government of Japan which has been taking extraordinary interest in India's foreign exchange problem, has agreed to extend to the government of India an additional emergency loan amounting to 20,256 million yen (\$150 million) and a grant for debt relief amounting to 373 million yen (\$3 million) through the respective exchange of notes finalised in New Delhi today.

The notes were signed and exchanged by H.E. Mr. Shunji Kobayashi, ambassador of Japan to India and Mr. S.P. Shukla, finance secretary, union government, on behalf of their respective governments.

The loan assistance supplements the commodity loan of \$150 million pledged by Japan on 29 May, in providing relief to India's balance of payments position. It will be utilised to strengthen financial resources for the lending operations of the Small Industries Development Bank of India (SIDBI) designed to promote the development of small scale industries in India.

It will thus enable SIDBI to expand its credits extended to small scale industries through the state finance corporations, the state industrial development corporations and the scheduled commercial banks.

It constitutes the third phase of the Japanese support of the SIDBI programme. The first and second phases involving loans of 19.5 billion yen (\$144 million) and 30 billion yen (\$222 million) respectively were implemented as a part of the 1988 and 1990 loan-packages for India.

The loan also serves as an emergency support for India's external payments, the agreement providing India with a quickly disbursable foreign exchange commitment and enabling it to strengthen its foreign exchange reserve in a timely manner.

The entire amount of the previous loan representing the second phase was to be dispersed within two months after the conclusion of the relevant loan agreement in January 1991.

The loan carries rate of interests of 2.6 percent per annum and is repayable in 30 years, including a grace period of ten years.

The grant for debt relief is extended to recipient countries faces problems of debt accumulation in compliance with Resolution 165 (on debt relief measures) of the Trade Development Board of UNCTAD [UN Conference on Trade and Development].

The grant may be utilised for imports of goods from any countries. This will, therefore, also serve at a balance of payment support for India.

Combined with commodity loan pledged on 29 May, the loan for SIDBI programme constitutes Japan's emergency assistance to India to cope with the current balance of payment crisis. The Japanese Government agreed to make commitments for these two loans prior to the Aid-India Consortium Meeting departing from the past practice of announcing its development loan package during the annual meeting of the Consortium.

'Japan Uncaring'

Washington, (Kyodo): Japan should pay greater attention to environmental pollution and other problems of developing Asian nations, the World Bank has said.

The bank's vice president in charge of Asia, Mr. Attila Karaosmanoglu, at a news conference said, "The Japanese government agencies feel, as we do, that the attention to the issues of Asia is not entirely satisfactory."

On a recent trip to Japan, China and Paris, Mr. Karaosmanoglu said the World Bank is especially eager for Japan to play an active role in the areas of primary education, the environment, a better understanding of the "Japanese paradigm" among Asians, and policy-based lending.

Switzerland Extends Credit of 100 Million Francs

91AS1188A New Delhi PATRIOT in English
25 Jun 91 p 8

[Text] Switzerland will extend to India a mixed credit line of Rs[rupees]140 crore (S Fr [Swiss franc] 100 million) for financing imports of capital goods and services of Swiss origin required for execution of high priority development projects, according to an agreement signed in New Delhi on Monday, reports PTI.

The mixed credit will be concessional, with 40 percent as grant from the Swiss Government and 60 percent as export credit, financed by a consortium of Swiss Banks led by the Union Bank of Switzerland.

The funds would be available for both the private and public sectors. There is considerable scope for utilisation of these funds as imports from Switzerland have in the recent past amounted to Rs 640 crore annually.

The agreement was signed by Mr. Deb Mukharji, joint secretary, Ministry of Finance and Mr. Jean-Pierre Zehnder, Swiss ambassador in India.

The mixed credit is the successor to a similar line allocated in 1983 and the introduction of a pure grant portion in a mixed credit line to India for capital good is a unique feature, according to official sources.

Another concessional element introduced by the Swiss Government in the new mixed credit line is coverage of 100 percent of the import value as opposed to 85 percent coverage under the old 1983 line.

CNC Machine Makes Spacecraft Parts*91AS1133A Madras THE HINDU in English
12 Jun 91 p 17*

[Article by N.N. Sachitanand]

[Text] ISRO [Indian Space Research Organization] had a problem. In its satellites and launchers extensive use is made of lightweight honeycomb sandwich elements. According to Dr. P.S. Nair of the ISRO Satellite Centre in Bangalore, at present more than 50 percent of the structure mass of a satellite is made up of this type of construction. Typically, about 45 sq. m. area of honeycomb sandwich panels is required for one spacecraft model alone and each new satellite involves the manufacture of at least three models.

ISRO had been relying on import of expanded and machined honeycomb core material in a ready to use condition with the final geometrical forms incorporating even minor details such as grooves and steps. With the sizable expansion of the Indian space programme and consequent steep increase in the demand for honeycomb sandwich components (the requirement of ISAC [expansion not given] alone has shot up from 5 sq. m. in 1980 to 100 sq. m. in 1990), such dependence on imports had become troublesome. Besides the heavy foreign exchange outgo involved, there were problems associated with availability, transport, production scheduling, etc.

Since the requirements were likely to increase both in quantity and complexity, ISRO approached HMT (Hindustan Machine Tools) to design and supply a CNC (computer numerically controlled) machine tailored for making components from honeycomb sandwich panels. This machine would also be able to make honeycomb cores for geometrically complex spacecraft elements such as cylindrical shells and parabolic antennae. These cores are being currently made by forming. Such formed cores have inferior mechanical properties and no venting.

HMT's Special Purpose Machines Division in Hyderabad was assigned the task of building the machine. Working in close collaboration with ISRO, the division has successfully completed the task in a remarkably short period. The 5-axis CNC machine has the following main features:

(a) Bed assembly: This consists of two welded bed structures kept 3.7 m apart and rigidly connected through tie brackets.

(b) Gantry assembly: This is a bridge type welded structure spanning the two beds and connected through linear motion blocks. Its movement along the two beds forms the X-axis traverse which is 2,500 mm long. It carries the cross slide (Y-axis), vertical slide (Z-axis), swivelling arrangement for the U/V axes and the spindle head. The cross slide traverse is 2,000 mm long and the vertical slide traverse 300 mm long.

(c) U & V axes assembly: The vertical slide carries 1/2 U/V axes assembly in which the spindle head is mounted. The tilting movements of these axes is through individual ball screw and nut arrangements driven by A.C. servo motors. The linear motion feed system is converted to tilting motion through universal couplings. The U-axis is the tilting axis of the spindle head in the Y-Z plane through ± 30 degrees to the vertical. The V-axis is the tilting axis of the spindle head in the X-Z plane through ± 20 degrees to the vertical.

(d) Spindle head: This is a high frequency spindle head with built-in motor (16 kW with constant torque). The spindle speed can go up to 24,000 rpm and is infinitely variable by varying the frequency. Such high speeds are needed to enable machining of delicate aluminum honeycomb cores without distortion of cells and cell walls.

(e) Vacuum chuck: This has been provided to prevent damage to the delicate honeycomb material by the usual mechanical clamping. It is in two sections which when joined together would facilitate loading a job of 2,500 mm by 1,500 mm.

(f) Control system: This is a CNC system MC 8,600 from Allen Bradley.

The machine also has a suction type automatic chip extraction mechanism and a centralised lubrication system. The spindle bearings are lubricated by a special oil mist lubricator and cooled by a chiller unit. All traverses are through ball screw and nut arrangements driven by A.C. servo motors.

The feedback for all axes is through rotary encoders. The positioning accuracy of the X, Y and Z axes is 0.05 mm at 5 m/mt traverse rate and for the U and V axes it is \pm four minutes. The machine is also fitted with a touch probe gauging system with feedback control for dimensional inspection.

The U and V axes permit the profile milling of cores with 2-D and 3-D surfaces required for making spacecraft components such as cylindrical shells and C/S band antennae.

Besides aluminum and its alloys, this machine can also be used for cutting and profiling other non-ferrous metals, composites, hard foam plastics and wood.

Ceramic Composite Technology Developed*91AS1125A Madras THE HINDU in English
29 May 91 p 18*

[Text] India has joined the small band of countries to possess indigenous technology for making carbon-carbon composites, the top-ranking ceramic composites with high-temperature applications in military and aerospace sectors.

The composites are finding continuous aerospace and military applications such as re-entry nose tip, heat shield, rocket nozzle throat and exit cone.

They are equally useful for another major application, that is, aircraft brake pads requiring a high co-efficient of friction. These materials with their inherent excellent wear rate provide smooth friction over the braking period.

Their stopping power is four times that of metal brakes, which increases the safety in landing.

In weight, every pair of carbon-carbon composite brakes is about 400 kg lighter than a pair of steel brakes, offering considerable weight saving.

These composites are also of importance in the development of re-entry vehicles like the light combat aircraft and hyper-plane.

Carbon-carbon composites have gained a lead over other ceramics composites for several reasons. In a non-oxidising environment, they can withstand temperatures of the order of 3,000 degrees C, known to be the highest temperature that any material can tolerate. Besides, the strength of these composites does not decrease at such high temperatures.

Hence, these composites are the only materials which can be used at temperatures where other metals and ceramics like alumina, silicon carbide and PSZ zirconia fail.

The other advantages of these composites include their light weight, high specific heat (three to four times that of copper) and low co-efficient of thermal expansion (one-twentieth of steel).

Besides showing low ablation properties (the carrying away of heat generated by aerodynamic heating), the recession and erosion of these composites at high temperatures and high velocities are predictable and controllable.

The technology for making carbon-carbon composites is quite complex and different from that of other polymer composites. Their development involves a technology package consisting of many important subsystems like carbon fibre preforms, suitable carbon matrix precursor, suitable processing technology and development of ceramic coatings for protection of these composites against possible oxidation at high temperatures.

The technology has so far been the monopoly of only a few countries like the United States, Japan, France, Germany and the United Kingdom.

Now India has joined the select band, thanks to extensive systematic basic and applied work on each of the subsystems carried out by the carbon fibres and composite group at the National Physical Laboratory (NPL), New Delhi, according to a newsletter of the Council for Scientific and Industrial Research (CSIR).

The NPL group comprising Dr. O.P. Bahl, Dr. L.M. Manocha, Dr. G. Bhatia, Dr. T.L. Dhami and Dr. R.K.

Aggarwal have been awarded the CSIR technology prize in 1989 for developing these composites.

NPL has developed a technology for the manual weaving of three- directionally woven carbon fibre preform, which is now a guarded secret. Such a woven preform with the carbon fibres running in desired predetermined directions is imperative for advanced applications of carbon-carbon composites.

Another important aspect of carbon-carbon technology is to have suitable matrix precursor having high carbon yield and suitable flow characteristics in order to impregnate the material right into the smallest pores in the preform.

This not only shorten the processing cycle of carbon-carbon composites but also results in composites with high density and superior properties.

NPL, through extensive research and development efforts, has developed the technology for two kinds of coal tar pitches, preforming pitch and impregnating pitch. The pitches specially developed for carbon-carbon pitches can also be used for other high-performance carbon products.

The quality of carbon-carbon composites depends, to a great extent, on the processing conditions. NPL has conducted thorough studies on the effect of processing conditions such as impregnating pressure, temperature and coking conditions, on the ultimate properties, especially the density of the composites. Density is important because it determines the ablative behaviour of the material.

NPL has also evolved a novel technology for intermediate graphitisation wherein a high density of the order of 1.8-1.9 grams per cc has been achieved by processing even at a moderate pressure of 30 bars.

These composites were found to be satisfactory when characterised for mechanical and thermal properties both at the NPL and the Defence Research and Development Laboratory (DRDL), Hyderabad. A scale down nose tip was made with the carbon-carbon composites developed at NPL, which was found to be satisfactory during tests.

NPL has developed protective coatings against oxidation of carbon-carbon composites.

After using these composites in oxidising atmospheres, the weight loss of carbon-carbon composites was reduced from 25 to 3 percent at 1,500 degrees C.

New Gas Strike Off Gujarat Coast

91AS1118A Madras *THE HINDU in English*
3 Jun 91 p 1

[Text] Madras, 2 June: The Oil and Natural Gas Commission [ONGC] has struck gas in the first well of a new

structure, BS-12, in the South Bassein gas field off the Gujarat coast. The gas is flowing at the rate of 2.5 lakhs cubic metres a day.

ONGC sources said, oil and gas were also struck in four different structures, B-126, B-157, B-192 and B-121 in the Bombay offshore. The B-126 structure, 135 km north-west of Bombay, is yielding 1,470 barrels of oil a day and may have a production potential of less than one million tonnes a year. The first well on the B-157 structure, located close to Bombay High, is producing oil at the rate of 660 barrels a day but the gas flow varies between 2.5 lakhs and 2.8 lakhs cubic metres a day.

The second well in the B-121 structure, 23 km south-east of Bombay High, is producing 1,488 barrels a day. The first well in the B-192 structure, drilled to 2,400 metres, is yielding oil at the rate of 1,670 barrels a day.

The ONGC had taken up three new structures for drilling in April—Rajganj in West Bengal, Sundalbari in Tripura and Madapadu in Andhra Pradesh.

A company on contract with the ONGC has started drilling at Manakkal, near Tiruvarur, in Thanjavur district in Tamil Nadu. The well will be drilled to a depth of about 3,600 metres. The company will also prospect for hydrocarbons at Uchipuli in Ramanathapuram district in Tamil Nadu.

Developments in Defense Production

Plans for Defense Exports

91AS1190A *Bombay THE SUNDAY TIMES OF INDIA* in English 7 Jul 91 p 5

[Article by Seema Guha: "India To Boost Defence Sales"]

[Text] New Delhi, 5 July—India earned Rs[rupees]80 crores in 1990-91 from defence exports, an area from which the country had long kept away on moral and ethical considerations. Today, however, with the critical economic crisis facing the nation and the urgent need to earn dollar payments a concerted attempt is being made to increase defence sales.

Defence ministry sources feel that time has come to shed our earlier moral considerations and bury the old view since the 1950s that India's image as a peace-loving country would suffer a setback if New Delhi were to contribute to the proliferation of arms supply in the international market. The world has changed a lot since Panchsheel and nonalignment fired the imagination of political leaders here and abroad.

With pragmatism the order of the day, a new orientation must be given to defence exports and the expertise in this field must be fully exploited to contribute to the government's thrust of shoring up the nation's foreign exchange reserves.

The task is, however, not easy. India is hardly in a position to compete with traditional suppliers of arms like the U.S., Soviet Union, UK, Germany and France, not to speak of giant corporations in America and Europe. When countries like China and Pakistan have gone miles ahead of India in this respect, there is no reason why this country cannot forge ahead.

Public-sector units like the Hindustan Aeronautical Ltd. (HAL), which has been making the front doors of aircraft for Airbus industries for some time now, can take in more work on sub-contracts to large arms conglomerates for a start. Mauritius had taken delivery of a Donair aircraft made by HAL, earning a substantial amount for the exchequer. India is under license to manufacture the small Donair aircrafts from the German parent company.

The defence ministry officials feel that instead of going in for conventional or sophisticated arms exports, India can make a start with non-controversial supplies like tents and uniforms for foreign armies. Army vehicles and ambulances are already on the export list to certain countries. Ambulances, which are fully equipped with operating theatres, for use in the battle front has proved a popular item.

One major problem in the field of defence exports, has been finding the right market. Developed countries are not interested in buying arms from India, while the gulf nations, flush with petro-dollars, go in for sophisticated arms from the West. The developing countries, willing to buy arms from India, do not have the hard currency to pay.

Despite all these drawbacks, there is still considerable scope to earn more in this sector.

Bofors Ammunition Produced

91AS1190B *Bombay THE TIMES OF INDIA* in English 27 Jun 91 p 11

[Text] New Delhi, 26 June (UNI)—India has started mass production of the sophisticated ammunition for the Swedish-made 155 mm Bofors field gun which will obviate the need for further imports and save the country crores of rupees in foreign exchange.

A most modern and light rapid-fire 5.56 mm rifle, completely indigenously built which is far superior to the AK-47 rifle in accuracy, is also being inducted into the army this year.

These details were disclosed by the director-general Ordnance Factory and chairman of Ordnance Factories Board, Mr. V.M. Bhandarkar, here on the eve of his laying down the office. His successor, Mr. N. Balakrishnan, was also present.

Outlining the rapid growth of the Ordnance Factories (OFs) Mr. Bhandarkar said the first unit was set up at Ambarnath near Bombay after Independence.

At the time when the country attained Independence there were 16 units in the country and now their number is 39. The value of production last year (1990-91) was of the order of Rs 2,700 crores. Of this the import component was only 30 crores which accounts for 1.25 per cent of the total production. The import bill was for critical items which are uneconomical to produce in the country, he pointed out.

Similarly, only 20 out of the 3,000 items that go in a production line are imported.

Highlighting efforts made by these factories in indigenising production, Mr. Bhandarkar said, in small arms, machine guns, and ammunition for them and all explosives, including solid and liquid type, have been completely indigenised.

In the indigenous development field, production of 7.62 mm rifles, 75/24 pack Howitzer system, Indian field gun and its ammunition etc. are specially noteworthy.

The production of the Ajeya tank (T-72) and Sarath (BMP-II) infantry combat vehicle has started at the Ordnance factories.

The Ordnance factories have produced liquid fuels for Prithvi and Agni missiles as well.

Replying to a question Mr. Bhandarkar said that the OFs have manufactured the hull gun for the main battle tank (MBT). "The samples have been supplied to the Ordnance Factory at Awadi."

Arms Technology Applications

91AS1190C Bombay *THE TIMES OF INDIA*
in English 24 Jun 91 p 7

[Text] Hyderabad, 23 June (PTI)—Ars 15 crore joint sector institute to make products based on spin-off's of technologies developed for the integrated guided missile programme is being set up by the defence research and development organisation (DRDO) and a private sector company, Dr. A.P.J. Abdul Kalam, DRDO director, has said.

Delivering the Prof. Nayudamma lecture here yesterday, Dr. Kalam said the institute, the composite product centre (COMPROC), would be established by the end of 1991.

Another major decision of the DRDO was to set up a joint institute of advanced technology with collaboration of the Indian Institute of Science (IISc), Bangalore, to research in frontier areas of defence sciences.

Giving examples of technological spin-off's of the missile programme, Dr. Kalam cited the development of composites that find wide industrial applications and the phased array radar technology in which, is based the microwave landing, system used in airports.

Explaining the success of the missile programme, Dr. Kalam said collaboration efforts between research institutions and the private sector had produced very good results. At least 21 DRDO labs and 10 academic institutions were participating in the missile effort, he added.

The guided missile programme would be completed by June 1995 with most of the series of missiles—Prithvi, Nag, Akash, Trishul and Agni going into production, Dr. Kalam said.

While Prithvi, the surface to surface missile was in advanced stages off flight trials with production expected by 1992, the multiple mission surface to air short range missile Trishul, had completed nearly 14 trials. It would also go into production next year, he said.

Claiming that the development of missile systems was cost effective, Dr. Kalam said in the case of Agni—the intermediate range missile—nearly Rs 350 crores were saved due to the successful collaboration venture with the Indian Space Research Organisation (ISRO).

If Agni was to be developed independently by DRDO, it would have cost nearly Rs 400 crore, while with the help of ISRO it was developed in a shorter period of eight years and at a minimum cost of Rs 35 crore, he said, adding such collaborative ventures could be easily multiplied in several other areas of scientific research in the country and help in raising the quality and output of scientific effort.

Appointment of Prime Minister Questioned

91AS1171 Madras *INDIAN EXPRESS* in English
24 Jun 91 p 1

[Text] New Delhi, 23 Jun (Express News Service)—A hasty installation of a minority Congress-I government at the Centre without ensuring a majority support for it in Parliament has raised doubts among constitutional experts whether the President ignored certain established conventions in the matter.

While inviting Mr. P.V. Narasimha Rao, leader of the largest single party in Parliament, to form the ministry, the President has not given any indication as to how he came to the conclusion that Mr. Rao would be able to ensure a stable government. Never in the past has a leader been invited to form the government within hours of his being elected leader of a party which does not enjoy a majority in the Lok Sabha. Mr. Rao, however, was made an exception and extended the invitation immediately after he staked his party's claim.

The President invited Mr. Rao to form the government without consulting any other major political group or even seeking the views of the allies in writing about their unconditional commitment to the Congress-I government.

Under the Constitution, the President can appoint any person as Prime Minister [PM]. However, the convention requires that before taking such a step, he must

convince himself of the possibility of the majority support in the Lok Sabha of such a claimant.

No Record of Support

In the case of Mr. Rao, there is nothing on record to suggest that he enjoys the support of the Congress-I's allies, such as AIADMK [All India Anna Dravida Munnetra Kazhagam] and the Muslim League. This was contrary to the procedure followed by the President during December 1989 and November 1990. In fact the BJP [Bharatiya Janata Party], the National Front and the left parties which outnumber the Congress-I and its allies have already decided to sit in opposition.

In December 1989, the President invited Mr. Rajiv Gandhi, leader of the largest party in Parliament (Congress-I), to explore the possibility of forming the government. He did this even after it was known that Mr. V.P. Singh enjoyed the majority support of the House.

In November 1990 again, after the fall of the V.P. Singh government, the President followed the established convention of inviting all the political parties for exploring the possibility of forming a stable government.

As part of the process, the President invited Mr. Rajiv Gandhi, Mr. L.K. Advani of the BJP and the Left parties and assessed whether they were in a position to form the government.

Finally, when Mr. Chandra Shekhar staked his claim to form the government, the President invited him—but only after he obtained a letter of assurance from Mr. Rajiv Gandhi that he would get unqualified support of the Congress-I party in Parliament.

In the present case, surprisingly, the President has nothing in writing about the kind of support Mr. Rao enjoyed in the Lok Sabha. And yet Mr. Rao was invited to form Government.

Political observers are wondering how Mr. Rao was sure of being invited to form the Government. It may be recalled that in an interview with Doordarshan before being sworn in as Prime Minister, Mr. Rao had made it clear that he would approach other political parties for support only after forming the government.

Explanations

While constitutional pundits are left wondering about the reasons for such an unprecedented step on the part of the President, various explanations are being sought to be given now.

According to several opposition parties, the hasty installation of the Congress-I government was aimed at getting the Punjab elections postponed, thereby further diluting the minority character of the government. With a tally of 239 Lok Sabha MPs [Members of Parliament], including its allies—the AIADMK and the Muslim League—the Congress-I is 22 members short of a bare majority. If Punjab had gone to the polls, this figure would have risen

to 30. There were clear hints that the opposition, particularly the BJP, would have made substantial gains in Punjab if the elections were held on schedule (22 June).

Seshan's Role

The Chief Election Commissioner, Mr. T.N. Seshan, who was determined to hold the Punjab elections until a day before the installation of the Narasimha Rao ministry, beat a hasty retreat and immediately announced the postponement.

He did not even bother to inform the outgoing Prime Minister, Mr. Chandra Shekhar, or the PM-designate, Mr. P.V. Narasimha Rao. Home Ministry sources confided, however, that Mr. Seshan was in touch with Rashtrapati Bhavan on this issue.

In fact, the immediate consequence of the deferment of the Punjab election is that the minority character of the Rao government has been diluted. As of now, the government has the support of 239 out of 503 MPs.

The Congress-I is likely to lose the remaining four seats in Bihar whose results have been withheld by the Election Commission.

Had the elections been held in Punjab, the Congress-I would have enjoyed the support of only 239 out of 518, a minority of 39 MPs.

During the last few months, the Rashtrapati Bhavan has been the subject of many unsavoury political controversies, including the selective embargo imposed on certain appointments and economic decisions which were perceived as going against the Congress-I's interests. Prominent opposition leader Madhu Limaye has already charged the President of politicking.

In the light of the pronouncements by certain political parties, the installation of the minority Congress-I government has raised some vital questions as to how it would ensure its majority on the floor of the Lok Sabha.

After all, major political parties like the BJP, the Janata Dal and the left parties have made it clear that they would not support the government. The Left Front and the National Front partners have assured only issue based support to the minority government.

In the absence of any prior commitment of support, it is clear that only a large-scale defection or horse-trading will enable the minority Congress-I government to survive.

More on Congress-I Choice of Narasimha Rao

91AS1124A Madras THE HINDU in English
30 May 91 p 1

[Article by K.K. Katyal]

[Text] New Delhi, 29 May: As expected, Mr. P.V. Narasimha Rao, former Union Minister, is the new

president of the Congress(I). The party's Working Committee today elected him unanimously to the top post, rendered vacant because of the tragic assassination of Rajiv Gandhi.

The keenly-awaited meeting of the Committee turned out to be remarkably smooth and unexciting—obviously because the crucial decision was taken by senior leaders in informal discussions which continued till this morning. Mr. Rao's name was proposed by Mr. Arjun Singh, Madhya Pradesh Congress(I) president, and seconded by Mr. Ghulam Nabi Azad, party general secretary, and Mr. Jagannath Pahadia, former Rajasthan Chief Minister. He will be provisional president till the AICC [All India Congress Committee] completes the formality of ratifying his election.

Mr. H.K.L. Bhagat presided over the meeting in his capacity as general secretary in charge of Working Committee affairs. It was attended by 16 out of 18 members, apart from the seven Congress(I) Chief Minister as special invitees. The two absentees were Mrs. Maragatham Chandrasekhar, who was injured in the blast that claimed Rajiv's life, and Mr. Lokpati Tripathi.

That the Congress(I) would not project Mr. Rao as Prime Minister was evident later from the reply to a specific query by the party spokesman, Mr. Pranab Mukherjee—"the question of electing the leader of the parliamentary party comes only after the elections are over." There would be no shadow Prime Minister or shadow Cabinet either, he said.

Non-controversial

The election of Mr. Rao is significant for several reasons, not the least because it ends the party's links with the Nehru-Gandhi dynasty and all that it means in terms of the functioning style, the equation (or contradictions) of its top players.

The Congress(I) could not have made a better choice. Though not formally designated as number two, Mr. Rao was, in fact, treated as such, both by Rajiv Gandhi and the party rank and file. Scholarly and respected, he had not figured in any controversy nor was he associated with any of the party's several factions. A former Chief Minister of Andhra Pradesh, Mr. Rao served first in the Indira Gandhi Cabinet and later in the Rajiv team, holding important portfolios like Home, Defence and External Affairs—and was better known outside the country than others of the post-Rajiv era. Unlike other aspirants, he did not show anxiety for the position he got today.

Today's development is a rebuff to the tiny group of persons, claiming to be Rajiv's confidants who made a concerted bid to instal his window in the top post. The fact that she had been apolitical all these years and had

shown no interest for a career in public life did not matter to them. The move evoked revulsion and disgust even in a section of the Congress(I), with seniors like the former Union Ministers, Mr. Dinesh Singh and Mr. K.C. Pant, publicly decrying the conduct of the tiny group or the coterie, as it came to be known. It was widely seen as having acted to maintain its relevance in and hold on the party set-up. It counted on being the eyes and ears of Mrs. Sonia Gandhi who had had little contact with party leaders, barring a few, and little knowledge of the seniors and rank and file in the States. Its plan misfired.

Judgment will need to be reserved till after the elections on the "unity" shown by the Working Committee members and others in choosing Mr. Rao. Whether it was a genuine desire to close their ranks for the challenges of the crucial post-Rajiv era or a temporary patch-up, under electoral compulsions will not take long to be clear. The activity in the party camp after the assassination and the type of noises made by some of its leaders does not point to real unity. It points to an intense power struggle after the elections—on the choice of the leader of the parliamentary party. And it could be a no-holds-barred affair if the Congress(I) gets majority in the new Lok Sabha (the parliamentary party leader in that case, will become the Prime Minister).

The Maharashtra Chief Minister, Mr. Sharad Pawar—one of the aspirants for the party position—and others of his way of thinking have called for a strict adherence to the one-person-one-post principle. The obvious implication of their demand will be the exclusion of Mr. Rao from the race for parliamentary party's leadership. The fact that he is not contesting the Lok Sabha election and will not be a member of either House when the parliamentary party elects its leader is a matter of technicality. There will be no constitutional bar to his appointment as Prime Minister—in case the Congress(I) gets majority—but he will have to get elected to Parliament (Lok Sabha preferably) within six months. Apart from the known aspirants for the post—Mr. Pawar, Mr. N.D. Tewari, former U.P. [uttar Pradesh] Chief Minister, Mr. Arjun Singh—others could throw their hats in the ring. That will be a real testing time for the Congress(I).

There is vague talk in the Congress(I) camp of collective leadership, though the concept is not elaborated. Collective leadership is a matter of style which had been missing in the party's functioning for nearly two decades. If the new president regards himself as more equal among the equals and takes them into confidence before crucial decisions, it is collective leadership. It cannot be institutionalised unless the party's constitution is drastically amended and the concept of presidium introduced. The proposal envisaging four vice-presidents, one from each region, casually mentioned by some, was not taken seriously. It was mooted a day after the assassination and died within 24 hours.

Narasimha Rao Recommends Party Elections*91AS1064B Secunderabad DECCAN CHRONICLE
in English 4 Jun 91 p 8*

[Article: "Need for Party Polls"]

[Text] Congress (I) President P. V. Narasimha Rao hit the nail on the head the other day when he said that organisational elections would cure the party of the ills from which it was now suffering. At his first press conference, Mr. Rao was asked about power brokers inside the party. And he said, without mincing his words, that if the party had elections there was the certainty of new elements entering the organisation and of removal of the ills the party was suffering from. With his insightful knowledge of the functioning of the party over the years, Mr. Rao correctly diagnosed the infirmities of the party. It is now more than two decades since the party had its elections. The frequent postponement of elections has given rise to criticism that the Congress (I) is devoid of inner democracy. Many contend, with much justification, that the party's loss of power in its old strongholds is the direct consequence of the postponement, on one pretext or the other, of the organisational elections. The party can be said to have paid a heavy price for not democratising its functioning at various levels. The cumulative effect of this has been the alienation of the party from the masses in many States. What happened to the party at the Andhra Pradesh Assembly polls in January 1983 is a case in point. The frequent changes in the State leadership for no valid reason had made the traditional supporters of the Congress in Andhra Pradesh utterly skeptical about the party. The Congress leaders were seen shuttling between Hyderabad and Delhi to thrash out even minor problems with party's central leadership. The functioning of the party had become so suffocatingly centralised as to spark criticism that Andhra Pradesh was being ruled from Delhi.

And that was the beginning of chauvinistic regionalism. Who benefited from it is well known. Indeed, it would not be an exaggeration to say that the emergence of the Telugu Desam was the people's response to the then unhealthy complacency among the State-level Congress leaders and to the curtailment of democratic processes within the party for various reasons. An in-depth study of the poll debacle that the Congress (I) suffered at the hands of the regional party would throw a flood of light on what the Congress (I) should do to revitalise itself and regain its bases of popular support which have suffered massive erosion. Surely, the time has now come for the party leaders to give serious thought to ridding the organisation of its numerous ills. It was after realising this that the late Rajiv Gandhi, in his presidential address to the centenary session of the Congress in Bombay in 1985, promised to complete organisational elections by mid-1986. But that was not to be. This occasioned criticism that the party was devitalising itself.

Among those who understood the seriousness of the setback to the party owing to postponement of organisational elections was the late Kamlapati Tripathi. He was of the view that the party could hope to recover its old glory only through elections. If the party is to become responsive to the people's hopes and aspirations, then there is no alternative to democratising itself. Exactly a year ago, Rajiv Gandhi hinted at significant changes in the organisational poll process to make the PCCs [Pradesh Congress Committees] and the AICC(I) [All-India Congress(I) Committee] more accountable to primary members. Regular party polls would throw up hidden or unrecognised talent that could be harnessed for the good of the country. One hopes that Mr. Rao will be able to revive the long-stalled party poll process and make it a regular feature.

Speeches, Remarks by Prime Minister**Television Address***91AS1170A Delhi Doordarshan Television
Network in English 1640 GMT 22 Jun 91*

[Address to the nation by Prime Minister P.V. Narasimha Rao—live or recorded]

[Text] Namashkar [Hello]. Fellow countrymen, I address you at a difficult time. Rajiv Gandhi's assassination brought home to us in a brutal manner the grave danger to the stability and integrity of the nation. A barbaric act snatched away from us a great leader in his prime. But his vision of India will live on and will continue to inspire and guide future generations.

In their hour of crisis, the people of India has stood as one. They have given a defeating reply to the forces which seek to destabilize the country and subvert democracy.

The electoral process just completed has yet again demonstrated the strength and vitality of Indian democracy. It has once again demonstrated the unity of the Indian people beyond challenge. The dangers posed to the country by problems in Punjab, Kashmir, and Assam are very real. The general law and order situation is a matter of alarm as is the communal situation.

The government will address itself to those problems with determination and single-mindedness. We will ensure that the unity and integrity of the country are safeguarded. While genuine grievances of the people will be redressed, terrorism and other fissiparous tendencies will be dealt with firmly. I am certain in my mind that we shall succeed in this endeavor, for we draw our strength from our people who have behind them a long tradition of amity, cooperation, and togetherness and deep love for their motherland.

The economy is in crisis. The balance of payment situation is exceedingly difficult. Inflationary pressures on the price level are considerable. There is no time to lose. The government and the country cannot keep living beyond their means and there are no soft options left. We must tighten our belt and be prepared to make the necessary sacrifices to preserve our economic independence, which is an integral part of our vision for a strong nation. In the pursuit of this objective, my government

attaches the highest priority to restoration of the health of the economy. In the past, we have faced such crises, overcome them.

The economy has the strength and the resilience. The people have the resolve; together we shall overcome. This is a national endeavor in the pursuit of which we shall rise above sectional interests and partisan politics. In this task, we seek the cooperation of all.

We are determined to address the problems of the economy in a decisive manner. The postponed union budget will be presented in a month. India shall maintain its unblemished and perfect record in meeting its international obligations. The dialogue with the multinational financial institutions, in particular the IMF, would be continued. Fiscal discipline must be observed. Hard decisions would have to be implemented to manage the balance of payment situation and to curb inflation. At the same time, we will ensure that the process of adjustment is managed in such a manner that it protects the poor and sustains the momentum of growth.

This government is committed to removing the cobwebs that come in the way of rapid industrialization. We will work toward making India internationally competitive, taking full advantage of modern science and technology and opportunities offered by the evolving global economy. Utmost efficiency will be fostered. We cannot tolerate waste, inefficiency, and indifference to quality in the public or any other sector.

We also welcome foreign direct investment so as to accelerate the tempo of development, upgrade our technologies, and to promote our exports. Obstacles that come in the way of allocating foreign investment on a sizable scale will be removed. A time-bound program will be worked out to streamline our industrial policies and programs to achieve the goal of a vibrant economy that rewards creativity, enterprise, and innovativeness.

I see a very special role for nonresident Indians to play in this process. We shall make investment in India a rewarding experience.

Agriculture will receive the government's close attention. The progress made so far should be consolidated and conditions created for greater and diversified progress. Close attention will be paid to expanding irrigation and the development of dry-land agriculture. Extension services will be strengthened and modern technology brought to the doorsteps of our farmers. A fair price for farmers will be ensured.

It will be our endeavor to improve the quality of life of millions of our people who are living in want and deprivation. The betterment of rural poor will receive the government's closest attention. It will be our endeavor to develop appropriate linkages so that the pressure of land on rural areas is eased and more

employment opportunities are generated with a view to tackling the problems of unemployment, underemployment, and low income.

Administration will be made more responsive, and it will be ensured that every rupee spent on development reaches the intended beneficiaries. The existing policies and financial assistance will be expanded for rural housing. Close attention will be paid to the improvement of the primary health and the infrastructure of primary health, particularly in rural areas.

The strengthening of the public distribution system will receive the government's immediate attention. Public distribution system will be expanded not only to cover the rural areas, but would also sharply target the poor.

The public distribution system will be made an important instrument in our fight against rural poverty and improving the quality of life of our people. We have to evolve a strategy that at once combines policy initiatives with the full enforcement of the laws of the land.

We are committed to protect the constitutional and legal rights and the legitimate interests of the religious, linguistic, and ethnic minorities. We shall set up special courts—in fact more special courts—to try communal offenses. A composite rapid action force will be constituted to quell communal riots. The minorities commission will be provided statutory status with a view to enhancing its effectiveness.

It is unfortunate that at the very juncture when India needed to give a lead in this historic endeavor, its international prestige suffered setbacks and its relations with friends and neighbors were neglected. It will be the endeavor of my government to restore India to its place of honor in the comity of nations and ensure that India's voice is once again heard with respect and attention in world fora. Our relations with neighbors will enjoy the priority they deserve so that our region becomes an area of peace, prosperity, and stability.

I have formed a broadbased, weaker, section-oriented council of ministers. This is only the beginning, the beginning of a program to reach out to the men and women of India in every nook and corner. My team understands the heartbeat of the people. Our vision is to create employment, eradicate poverty, and reduce inequality. We want social harmony and communal amity. We want a more humane society.

As the twentieth century draws to a close, we cannot live with poverty and destitution among large sections of our population. [Mahatma] Gandhi said that it was his ambition to wipe every tear from every eye. That is the vision which will inspire the work of my government. Jai Hind [Hail India].

INDIAN EXPRESS Report

91AS1170B Madras *INDIAN EXPRESS* in English
23 Jun 91 p 1

[Excerpt] New Delhi, 22 Jun (Express News Service)—The Prime Minister, Mr. P.V. Narasimha Rao announced a series of measures on Saturday to resolve the economic crisis, including a dialogue with the International Monetary Fund, relaxation of curbs on direct foreign investment and a special role for Non-Resident Indians (NRI). He also declared that the postponed Union Budget would be presented within a month.

Mr. Rao, in a late evening address to the nation, said that special courts would be set up to try communal offences and a composite Rapid Action Force constituted to quell communal riots. He announced that the Minorities Commission would be given statutory status in order to make it more effective.

A grave, unsmiling and bespectacled Mr. Rao delivered his first address to the nation as Prime Minister in both Hindi and English over radio and television. Dressed in white, he wore an angavastram over his shoulder with saffron, white and green lines on it, which he discarded, however, for the English broadcast.

The telecast, which was originally scheduled to take place at 9 pm, was 50 minutes late, because the Prime Minister extensively edited the Hindi speech prepared for him, which he felt was not simple and clear enough.

"I address you at a difficult time," were the Prime Minister's opening words. He recalled the assassination of Rajiv Gandhi, and said that the country had given a befitting reply to the forces which had sought to destabilise the country, and demonstrated that the "unity of the Indian people is beyond challenge."

While he initially identified terrorism in Kashmir, Punjab and Assam, the law and order situation and the communal situation as problems that his government would deal with firmly, Mr. Rao devoted a large chunk of his speech to the ills of the economy, which he promised to tackle on a war footing.

"There is no time to lose. The government and the country cannot keep living beyond their means year after year. There are no soft options left," Mr. Rao said. He warned that hard decisions would be taken to manage the balance of payments crisis, and to curb inflation, but promised that the poor would be protected during this process.

Mr. Rao hinted at a process of liberalisation to wean the economy back to health, notably the opening of doors for foreign investment. "Obstacles that come in the way of allocating foreign investment on a sizeable scale will be removed. A time bound programme will be worked out to streamline our industrial policies and programmes to achieve the goal of a vibrant economy that rewards creativity, enterprise and innovativeness," the Prime Minister said.

Mr. Rao singled Non-Resident Indians out for mention, saying that he saw a "special role" for Non-Resident Indians. "We shall make investment in India a rewarding experience," he promised.

Mr. Rao said agriculture would also receive the government's close attention, emphasising irrigation and the development of dryland agriculture. Extension services would be strengthened, he said, and promised "a fair and remunerative" price for farm produce.

He also promised that existing policies on financial assistance would be expanded for rural housing, close attention would be paid to the improvement of the primary health infrastructure, and the public distribution system would be expanded, "not only to cover rural areas but...also sharply target the poor."

The Prime Minister stressed his government's commitment to protecting the constitutional and legal rights and legitimate interests of religious, linguistic and ethnic minorities. It was in this context that he announced the setting up of special courts for communal offences and other related measures. [passage omitted]

[Box]**PM's 10-Point Panacea**

Rao's 10 point panacea for the country's ills:

- Union Budget to be presented in a month
- Dialogue with multilateral financial institutions, particularly the International Monetary Fund
- Open door for direct foreign investment
- Time-bound scheme to streamline industrial policies and programmes, with a special role for NRIs
- Expansion of irrigation and dryland agriculture and remunerative prices for farm produce
- More financial assistance for rural housing
- Expansion of the public distribution system to cover rural areas and target the poor
- Special courts to try communal offences
- Rapid Action Force for communal riots
- Statutory status for the Minorities Commission.

Remarks to Parliamentarians

91AS1170C Madras *THE HINDU* in English
21 Jun 91 p 9

[Text] New Delhi, 20 Jun—The Congress(I) president and the newly elected leader of the Congress(I) Parliamentary Party (CPP-I), Mr. P.V. Narasimha Rao, said here today that the election manifesto of his party as outlined by Rajiv Gandhi would be the agenda before the new Government.

In an emotional reply to felicitations by a number of Congress(I) leaders after the CPP(I) election, Mr. Rao described the programmes and policies outlined in the Congress(I) manifesto as the 'national agenda' and declared amidst thunderous applause that his party was committed to implement the manifesto to the hilt.

Mr. Rao who spoke in English and Hindi alternatively said the only interpretation one could draw from the current election results was that the people had unmistakably turned towards the Congress(I) after their sordid experience in the last 18 months. "The trend of the people is clear. With this trend we shall run the government and run it successfully," he said.

The Congress(I) president likened the performance of his party in the recent election to that of a great cricketer who missed the century mark by a solitary run. No one could say that the Congress(I) had not scored in the just concluded elections.

Mr. Rao said the emergence of Rajiv Gandhi on the national scene had solved the leadership problem of the country for several years and not many realised the vacuum created by his sudden absence. The relationship between a leader and people was spiritual and not related to posts. It was this spirituality provided by Congress leaders like Mahatma Gandhi, Indira Gandhi and Rajiv Gandhi which was the capital and foundation of the Congress.

The newly elected leader began his speech on the note that he accepted the responsibility placed on his shoulders in all humility. With the unanimous support of the CPP(I) members, he enjoyed the support of millions of shoulders in the country. "As an individual I feel utterly humble before you but as a representative of a great party I feel like a colossus."

Mr. Rao said he preferred dialogue to speech in his style of functioning and would endeavour to have discussion at various levels within the party and through the Congress(I) all over the country. He minced no words in suggesting that he would need every bit of support from every quarter to face the onerous tasks ahead. "You help me more than you have ever helped anyone. If you have helped Rajiv in X quantity, help me in 1000 X."

Referring to speeches of a number of members who had talked of the grave challenges in the absence of a leader of Rajiv's stature, Mr. Rao said he had no doubt that the Congress(I) was capable of solving each and every problem. Problems and solutions were a continuing process and there could never be a problemless situation.

"We don't have to be daunted by the daunting problems. This is the essence of the Indian National Congress," he observed. At another stage he said certain people had made politics a source of entertainment and spoke of the need for viewing the problems with all seriousness.

Mr. Rao recalled that seven years ago he had proposed the name of Rajiv Gandhi as the leader of the CPP(I). He had never dreamt that it would be for the first and last time he would be proposing Rajiv's name for the job. Describing the assassination as merciless and cruel, he said it was a miracle that people had recovered from it so soon. But in the case of the Congress(I) the recovery was natural.

He said sometimes in history when great people departed, the task of fulfilling the larger goals fell on small people, and one had to cope with the changed reality. He had been associated with the job of drafting Congress manifestos for the last five elections, but the latest manifesto prepared under the leadership of Rajiv Gandhi was the most competent and was a meticulous programme of action.

Mr. Rao said perhaps Rajiv Gandhi had a premonition that the task of carrying out the programmes outlined in the manifesto would fall on lesser shoulders and hence had made it so crystal clear. The Congress(I) could not do anything less than implement it totally and if the party failed, the blame would squarely rest on all Congress men and women. "There can be no alibi. I am sure there will be no failures. The manifesto is the sum total of the tasks we have to address in the coming days and months."

The newly elected leader said no country of India's diversity had so many achievements to its credit and the eyes of whole world were focused on events here. He deprecated the tendency among some people to look outside when the rest of the world looked towards India.

Remarks to Newsmen

91AS1170D Bombay THE TIMES OF INDIA
in English 26 Jun 91 pp 1, 15

[Text] New Delhi, 25 Jun (The Times of India News Service)—The Prime Minister, Mr. P.V. Narasimha Rao, today indicated that his government intends to strain every nerve to avoid confrontation with the opposition parties in its endeavour to settle all contentious issues now plaguing the country.

"It takes two to stage a confrontation," Mr. Rao said, adding, "We do not desire it." The Prime Minister also expressed his belief that, given the nature of the people's verdict, the opposition parties, in turn, stood to gain by eschewing confrontation.

In an informal conversation with THE TIMES OF INDIA and three other journalists held in his South Block office this afternoon, a confident looking yet reflective Prime Minister discussed a wide range of problems presently facing the country. Though the conversation was off-the-record, Mr. Rao readily agreed to the request that he should allow the gist of his remarks to be made public.

The Prime Minister hoped that there would be no confrontation between the Centre and the BJP [Bharatiya Janata Party] government in Uttar Pradesh over the Babri Masjid-Ram Janambhoomi controversy. He felt that the BJP, like the other opposition parties, would not fail to realise the "precarious nature" of the political scene today and, as a consequence, would ensure that the country is not subjected to avoidable turmoil.

Much in the same vein, the Prime Minister said, his government, unlike its two immediate predecessors, would make "genuine" (as opposed to "fake") efforts to quietly, but firmly, ensure that the country's economic policies are so directed as to benefit the weaker sections of the population.

When told by one of the journalists that his finance minister, Dr. Manmohan Singh, was a man of proven intellectual gifts, honesty and integrity, but who nevertheless had the reputation of being a leftist, Mr. Rao quipped, "What else can you be in a poor country?"

He was quick to add, however, that his government was determined to faithfully follow the time-bound programmes listed in the Congress party's election manifesto, including those related to the liberalisation of the economy.

The Prime Minister, who reiterated his commitment to the "Nehru line," disagreed with a questioner who had argued that the present dire condition of the economy flowed directly from the application of Nehruvian policies.

Mr. Rao pointed out that it is precisely those Nehruvian policies which had prevented the fragmentation of India and contributed to "great progress" in several parts of the country. He suggested that it was unfair and misleading to compare India with other countries in east and south-east Asia which had made a success of their economies. For one thing, he said, each one of India's states is akin to a country. For another, the progress made by them does not lend itself to sweeping generalisation. Infant mortality rates, for instance, were vastly different in, say, Kerala and Uttar Pradesh. Literacy levels, too, differed markedly from one state to another.

The agriculture ministry, Mr. Rao said, meant a great deal in those states where agricultural production had not registered pronounced growth. But in Andhra Pradesh, for example, the officialdom of such a ministry meant mighty little to the farmers.

"Nehru," the Prime Minister pointed out, "took great care not to nationalise agriculture." To call him a dogmatist in economic matters was, therefore, wholly misleading.

Mr. Rao explained that the much-criticised public sector had gone into areas and regions which did not attract the private sector. For this very reason it could not be expected to be guided solely by the profit motive. In his view, he said, the private sector would be given every opportunity to operate in any area where it could function effectively. This could well include areas now occupied by the public sector.

A similar reasoning would guide the government's thinking on all matters related to information and broadcasting. Asked whether the I and B ministry should not be wound up altogether, the Prime Minister answered with another query: "What would you put in its place?"

He recalled that it had taken him two years to persuade Doordarshan to telecast a public health spot, prepared by the health ministry, during prime time. He had been told that Doordarshan would incur a loss of several crores of revenues if the spot was shown. This line of reasoning would have been even stronger had Doordarshan been privately owned, Mr. Rao said.

The Prime Minister argued, however, that he was willing to consider "all options" regarding Doordarshan, provided the end result was "better television."

When told that by accommodating all the big-wigs in his party in the council of ministers he had left virtually no one to function in the various organs of the party such as the AICC and the CWC, Mr. Rao retorted: "But we do have a plethora of leaders who were defeated in the polls."

Bulgarian TV Interview

91AS1170E New Delhi PATRIOT in English
29 Jun 91 p 5

[Text] Prime Minister P.V. Narasimha Rao has expressed confidence about India securing assistance from the International Monetary Fund (IMF) and hoped the Opposition would appreciate the circumstances in which the Government was approaching the lending agency, reports UNI.

"We are working on the details right now. So, I would not like to say anything more except that we don't expect this issue to create any insurmountable difficulty," he said in an interview to Ms. Daniels Kaneeva of Bulgarian Television in New Delhi on Thursday.

Mr. Narasimha Rao said he could not say at this stage how the conditions imposed by the IMF for India would be to compare them with the terms given to other countries.

The Prime Minister said some ideas were being worked out on bringing the Third World countries together and forge a special relationship between them and the World Bank and other multi-lateral institutions.

"The External Affairs Ministry is looking into those aspects and I am sure the Non-Aligned Movement and the developing countries would have to organise themselves in such a way that they help one another and also create conditions conducive to a North-South dialogue so that their problems are attended to," he said.

The Prime Minister said India would become active again in the United Nations and other international fora "as it has always been except for the last one and a half years."

During that period, Mr. Narasimha Rao said, "I must say that the active role of India has not been very much in evidence."

Referring to his elevation as Prime Minister, Mr. Narasimha Rao said it represented a change in many respects as far as the Congress was concerned.

"We always had well-known leaders leading the party and either we had a Prime Minister winning an election and becoming Prime Minister again or a former Prime Minister winning an election and becoming Prime Minister again," he said.

He said this was the first time such a thing had not happened because of the assassination of former Prime Minister Rajiv Gandhi.

Mr. Narasimha Rao said the fact that the recent elections had come after one and a half years of instability was one of the important factors that influenced the electorate.

"They have now turned back to the Congress for stability although I must say that we had expected people to give us more seats than they actually did, particularly in the two big States of Uttar Pradesh and Bihar—there, our performance has been poor," he said.

According to him, the Congress fared badly in these two States because it could not explain to the people the stability factor properly. "Perhaps, they were swayed by the temple issue," he said.

The Prime Minister hoped the BJP [Bharatiya Janata Party] Government in Uttar Pradesh would act with responsibility. "They will also know that there are so many other problems and not just the problem of a temple being constructed."

"So we expect them to ultimately understand the real issues that the country is faced with and then slowly they may come to the conclusion that solving of those problems is more important and are to be attended to," he observed.

Asked to list the issues on which he hoped for a consensus with other political parties, Mr. Narasimha Rao said the economic problems were not confined to one party although parties may have different perceptions about solutions.

"Then, we have foreign policy, which is always a matter of near consensus in India. It has always been so. Then, we have Punjab, Kashmir and all these problems which have come to us for a long time," he said.

Mr. Narasimha Rao said other problems like that eat into national unity and integrity and social cohesion were also not connected to any one party and the Congress would have to take the responsibility of "at least spearheading the process of solving these problems."

He admitted that the lack of a majority in Parliament would have its own effect on the functioning of the

Government. "On the whole, I think that this Government has come at a time when the country is beset with too many problems, so I expect the other parties also take a co-operative line."

"We cannot afford to go to the polls again within the foreseeable future. The Government has to last for five years and that is how we are looking at the future," he stated.

The Prime Minister said the responses from the Opposition to the Government's efforts to seek cooperation had been "encouraging."

To another question, Mr. Narasimha Rao said the Congress was united. "That was one of the worries in the earlier stages. But on that score, I am satisfied."

About the demands for larger representation to MPs [Members of Parliament] from certain States, especially the South, in his Ministry, the Prime Minister said, "they will be attended to in course of time. They are normal to the party."

Asked about Indo-Soviet ties, Mr. Narasimha Rao said the relationship between the two countries "will be good, will remain good and it has always been good. I do not expect any change in the relationship."

He said talks with Soviet Union were an on-going process and would continue. He also said India would have to adjust itself to the changed situation in eastern Europe.

Asked to list the priorities of his Government, Mr. Narasimha Rao said unless the economic problems were solved, nothing else was possible.

"I hope to succeed in that in the near future. We have to prepare our people for sacrifices and tightening of the belts," he said.

The Prime Minister said the Government had also given to economic liberalisation, saying it was alive to the winds of change blowing around the world. "We will succeed in bringing ourselves in line with the world development," he said.

He declared that no economic or political issue would be allowed to affect India's independence. He said India's relations with other countries had always been uniformly good and particularly good with neighbours.

"We have our differences on individual issues, but on the main issue of good neighbourliness, we do not have any basic difference," he remarked. He hoped India would emerge united and stronger from its present difficulties.

Mr. Narasimha Rao said people had realised the "true dimension" of Mr. Gandhi's absence. "It almost meant the country breaking up. So they suddenly rallied round and that is how the country's unity has been saved through the Congress."

"We, on whom the mantle of fulfilling Rajiv Gandhi's dream had fallen would certainly do our very best to complete that dream," the Prime Minister added.

Hyderabad 7 Jul Speech

91AS1170F Madras THE HINDU in English
8 Jul 91 p 4

[Text] Hyderabad, 7 Jul—The Prime Minister, Mr. P.V. Narasimha Rao, today blamed the previous Governments for the economic crisis the country faced, alleging that they knew only how to borrow money from international agencies but not to repay it.

Laying the foundation stone for the 213 km long Hyderabad-Karimnagar-Ramagundam road named the Rajiv Gandhi Highway, he said these donor agencies had virtually set an ultimatum to India to repay the loans or get a bad name internationally. The Congress(I) Government, therefore, had to immediately take some hard decisions.

Remarking that the previous governments wanted only to bide their time in office, he said people had seen through their game and brought the Congress(I) back to power and given it strength to face the situation.

While there was nothing wrong in taking loans from abroad, seeking alms was not a good sign and even the late Indira Gandhi was stoutly opposed to seeking aid. Though the country had not so far defaulted on the repayments, its creditworthiness was coming under a cloud.

He said the country should not be reduced to a stage where international agencies refused to give loans. "If we default, all our programmes will stop. The money for programmes aimed at weaker sections is not coming from taxes alone but from loans as well. If loans are not given to us, these programmes will stop."

More Measures Likely

The Prime Minister hinted at some more steps aimed at curbing Government expenditure as well as corruption. He said people would have to work harder for the next few years and be prepared to make sacrifices, each according to his capacity.

He pointed out that the Congress(I) election manifesto while speaking of poverty eradication programmes also stressed the need for curbing waste and making sacrifices but these points were overlooked.

Mr. Narasimha Rao stressed the need for curbing economic irregularities and said only if they were stopped, the Government's income would improve for it to take up programmes for the all round development of the country.

The Rajiv Gandhi Highway costing Rs[rupees]131 crores is being taken up with assistance from the Asian Development Bank.

Mr. Narasimha Rao said the foreign press had speculated whether India would remain united as two governments had fallen in less than two years and whether the Congress(I) would be intact. Some correspondents had even come to witness the break-up of the nation and the Congress(I) they had predicted. Had the people's judgement wavered in the recent polls, the country would definitely have faced an uncertain future.

But the people had helped themselves and their country through their electoral verdict. The 1991 Lok Sabha election should be looked upon with pride as people had protected the unity and independence of India besides proving that they could decide their own future.

Mr. Rao asserted that neither the Congress(I) nor the country would break up. The doubting Thomases should clear their minds of any apprehensions. "Those who came to watch the expected break-up will learn a lesson at least now, I hope," he said.

Concerned Over Disparity

Mr. Rao referred to the wide economic disparity in the country said the Government's concern was primarily with the 90 per cent people whose living standards were poor. Weaker sections could not continue to remain weak forever and the families which get economic benefits should not be referred to as weaker sections one year later.

He pointed out that Indira Gandhi found that it was not enough to construct dams and roads and that so long as the downtrodden were not given direct benefits the gap between rich and the poor would further widen. She therefore launched the garibi hatao programme whose aim was as much to change people's attitude and make them conscious as much as to help them financially.

The Chief Minister, Mr. N. Janardhana Reddy, who presided, described the Congress(I)'s election manifesto as the late Rajiv Gandhi's will and said his Government would extend full cooperation to the Prime Minister in its implementation.

Referring to the projects launched by the Prime Minister for benefiting weaker sections, the Chief Minister said Government had assigned 35 lakh acres of cultivable waste land to SCs. The project launched included provision of minor irrigation facilities to the beneficiaries, horticultural facilities and energisation of pumpsets.

The Union Minister of State for Surface Transport, Mr. Jagdish Tytler, said Andhra Pradesh was receiving high priority in road development as 8 percent length of National Highways were located in the State. He said the Centre would make available Rs 65 crores for development of Anakapalle-Visakhapatnam road and Rs 23 crores for Kakinada-Rajahmundry road.

Editorial Condemns Political Tactics of NTR
91AS1064A Secunderabad DECCAN CHRONICLE
in English 3 Jun 91 p 8

[Editorial: "Melodrama"]

[Text] It is unbecoming for a national leader to rack his brains over the loss of his properties in a condemnable outburst of public anger while the nation is very much traumatized by the assassination of former Prime Minister Rajiv Gandhi. Telugu Desam leader N. T. Rama Rao's [NTR] decision to continue his indefinite fast even after the Andhra Pradesh Government has conceded his demand for an enquiry by a Supreme Court judge into the post-assassination violence in the State smacks of low politics. When Chief Minister N. Janardhan Reddy had taken the wind out of Mr. Rama Rao's sails by ordering the judicial probe, the latter thought it necessary to trump up more demands to justify the continuation of his politically motivated fast. In a word, it is a melodrama. Having been out of power for nearly two years, Mr. Rama Rao seems to be desperately in search of issues on which he can embarrass and destabilise the Congress-I Government of Andhra Pradesh. He has put forth an unprecedented demand: full compensation for the properties lost in the recent sporadic violence. Even during Mr. Rama Rao's regime only partial relief was provided in such cases. The Government has already set up a committee to assess the damage caused to properties, both private and public, in different parts of the State in the wake of the Sriperumbudur assassination. Another demand being voiced by Mr. Rama Rao is that the Congressmen involved in arson should be arrested. But arrests could be made only after the identification of the alleged culprits by the judicial commission. While demanding a judicial probe, Mr. Rama Rao is arrogating to himself the powers of the enquiry commission! A dispassionate perusal of his unreasonable demands against the backdrop of his rabid anti-Congressism would indicate that he is in a hell of a hurry to tarnish the image of the Congress-I Ministry in the State.

He may be thinking that, with the elimination of the charismatic Rajiv Gandhi, the Congress-I has become rudderless. This perception, which is utterly wrong, is tempting Mr. Rama Rao to all sorts of gimmicks. One can understand an ordinary property owner without any political and social pretensions resorting to a hunger strike. But Mr. Rama Rao is no ordinary man. Ever since he entered politics, he has been trying to sell the idea that his politics have a spiritual dimension. But that laudable dimension is being used for petty things. The demand for compensation for properties damaged does not call for mounavrat. This Gandhian technique is meant for noble causes. And no noble principle is involved in Mr. Rama Rao's confrontation with the State Government. A sanyasi obsessed with rupees and paises is something one just cannot understand. What the Telugu Desam caboodle are up to can easily be guessed from Mr. P. Upendra's warning that, should anything happen to his leader, the State would be rocked by an upheaval.

At a time when most people think that the country is politically adrift, Mr. Rama Rao has taken it into his head to destabilise the democratically elected State Government. A quarrel about the quantum of compensation should not make the fabled political sanyasi plunge the State into turmoil. The seriocomic fast on the Tank Bund and the fire-eating Upendra's warning of a cataclysm are out of all proportion to what really is at issue. It is very strange that Mr. Rama Rao's iconoclastic politics should coincide with the questionable activities of some forces, both internal and external. This is exactly what he did when Mrs. Indira Gandhi was Prime Minister.

Welfare Minister for Mandal Implementation

91AS1172A Madras INDIAN EXPRESS in English
27 Jun 91 p 1

[Text] New Delhi, 26 Jun (Express News Service)—Mr. Sitaram Kesri, the new Union Minister for Welfare, who appeared to have been sidelined by the Prime Minister, Mr. P.V. Narasimha Rao, in the distribution of portfolios, is back in action.

In what is considered a step of major political significance, Mr. Kesri has initiated urgent measures for speedy implementation of the Mandal Commission recommendations.

Within two days of his joining the Narasimha Rao Cabinet in charge of the Ministry of Welfare, Mr. Kesri is understood to have instructed senior officials of his ministry to prepare a detailed note giving the latest situation about a Supreme Court case against implementation of the Mandal Commission recommendations. The case was filed by some members of the anti-Mandal Commission forum who opposed implementation of the measure by the National Front government headed by Mr. V.P. Singh.

The implementation of the Mandal Commission report has since been stayed by the Supreme Court.

Mr. Kesri, a senior Congress-I leader and treasurer of the AICC-I [All India Congress Committee-I], has let it be known to the Ministry officials in no uncertain terms that the best legal brains of the country must be employed on behalf of the Government to argue in favour of implementation of the Mandal report. He has stressed at the same time that all efforts should be made to get an early and favourable decision in the matter.

It may be recalled that Mr. Kesri was perhaps the only Congress-I Parliamentary Board and the CWC-I [Congress Working Committee-I] member who came out openly in support of the implementation of Mandal Commission recommendations providing for reservation of jobs for backward classes. Even while the anti-Mandal wave was sweeping across the country among the higher caste members, putting even the Congress-I on

the defensive on this issue, Mr. Kesri supported the measure initiated by the former Prime Minister, Mr. V.P. Singh.

There were several senior members of his party who are believed to have complained against him to the Congress-I chief, late Rajiv Gandhi, over his pro-Mandal utterances. Even now, Mr. Kesri's move is likely to create sharp divisions in the party.

Mr. Sitaram Kesri has simultaneously directed ministry officials to prepare a draft legislation for setting up special courts for trying cases of atrocities against minorities and other weaker sections.

External Affairs Minister Addresses SAARC

9IAS1177A Madras *THE HINDU* in English
4 Jul 91 p 6

[Text] Male, 3 Jul (PTI)—India today said the South Asian region had become "increasingly vulnerable" in the aftermath of Gulf war.

The warning was sounded by Mr. Madhavsingh Solanki, the External Affairs Minister, in his speech at the two-day SAARC [South Asian Association for Regional Cooperation] Council of Ministers' meeting which opened here today. Mr. Solanki said "the Gulf war and the events following it has brought about a significant shift in the power balance in the region and the priorities of major factors in international arena."

With the trend by developed countries to look more inward and resort to protectionist measures, Mr. Solanki said, it was imperative that the countries of the region realised this and adopted a more meaningful approach and worked urgently towards regional free trade.

Intra-Trade

The External Affairs Minister said unless there was a movement towards liberalisation of intra-trade, the very purpose of setting up the SAARC would be negated. He said the SAARC grouping should go in for immediate standstill on tariff and non-tariff barriers and through their gradual roll-back convert SAARC into a full-fledged regional grouping.

Mr. Solanki said though there was a welcome worldwide movement towards disarmament and an end to cold war some negative trends and features had appeared after the Gulf war. He said there was a trend of erosion of some principles of the charter of the United Nations and the Non-Aligned Movement. Elaborating, he said, these included "the sovereign equality of the States, non-interference in domestic affairs and independence of judgment and action in foreign affairs."

Mr. Solanki said external linkages and assistance for SAARC was fraught with dangers and emphasised the need for liberalising trade among member States.

Mr. Solanki said a scheme of regional free trade could only be implemented through demonstration at the implementation stage itself that the benefits would be shared equitably by all member countries, particularly by the least developed ones.

He reiterated the commitment of India to the objectives and purposes of SAARC and its determination to work together with other member countries for strengthening and diversifying cooperation among the South Asian countries.

He pointed out that the SAARC study on trade had brought out that unit value of export from a SAARC country to other member countries was higher than that for export to countries outside the region. "Thus, the case for a purposeful cooperation in the fields of trade, manufactures and services, and in the allied areas of money and finance, had been convincingly made," he added.

Gates' Definition of Superpower Challenged

9IAS1130A Calcutta *THE SUNDAY STATESMAN*
in English 19 May 91 p 6

[Editorial—"Superpowerless"]

[Text] One-upmanship seemed to be the game at hand recently when, two days after the Soviet President, Mr. Mikhail Gorbachov, declared that the Soviet Union was still a superpower, the White House's Deputy National Security Adviser, Mr. Robert Gates, became the first U.S. official publicly and bluntly to state that there was only one superpower in the world today, and that Moscow was not its capital. While an element of tit-for-tat was evident in the exchange, Mr. Gates was also expressing an opinion that holds sway in the White House, but which Washington, in part because of a need to secure Soviet support for the war against Iraq, had preferred not to express so openly. Having deprived the Soviet Union of its superpower title, Mr. Gates went on to argue that in terms of economic, political and even cultural might the USA was now without peer. While Tokyo and Paris could demand a second opinion on the first and last points, it is true that no single nation can put up a challenge to the USA in even two of these fields.

However, Mr. Gates, who has been nominated as the next head of the CIA, can be accused of redefining the term superpower by including culture and economics; even at the height of its power under Leonid Brezhnev the Soviet Union was never a world leader in either field. A superpower is better characterized by two things. The first is an invulnerability to conquest because of domestic political stability and a secure nuclear arsenal. The second is an ability to project power overseas on a considerable scale. Moscow, which can barely project its power into the Caucasus, has only its nuclear arms to remind it of the good old days. This does not mean the USA is in the position of a Titan unbound and unfettered. Washington has many constraints, the most powerful being the American people. The claim that the

defeat of Iraq has exorcised the ghost of Vietnam is a gross exaggeration; in fact, it was fear of another Vietnam that led the Pentagon to rein in its soldiers and give Mr. Saddam Husayn a new lease on life. Even now any U.S. leader who sends U.S. troops overseas to fight a war puts his political career on the line even before the first shot is fired.

Further, the war against Iraq ironically showed up the obvious limitations of American military power. In order to defeat a nation whose people displayed more enthusiasm for fighting their own ruler than foreign attackers, and whose GNP [gross national product] was equal to that of Portugal, the USA had to commit some three-quarters of its armed forces for nearly half a year. Clearly, Washington cannot wage war as often and as many times as it pleases. If the USA does wield superpower influence anywhere it will be in the non-military spheres of economics and diplomacy. But even then it should be noted that while the U.S. economy is the biggest, its standing in the world was even greater in the years immediately after World War II. At that time Japan, Western Europe, and the Soviet Union were prostrate; today only the Soviet Union is flattened. Then the USA was a superpower unrivalled in any field; today it has a rival in every field.

U.S. Congressional Measures Discussed

91AS1141A Bombay THE TIMES OF INDIA
in English 15 Jun 91 pp 1, 11

[Article by Gautam Adhikari]

[Text] Washington, 14 June: If an amendment passed by the U.S. Congress yesterday becomes law, India will, like Pakistan, come under the purview of the Pressler amendment, which currently required the U.S. President to certify that Pakistan is not developing nuclear weapons before that country can receive American aid.

Yesterday, 13 June, was a bad day for India in the U.S. House of Representatives. Not only did the house vote 242-141 to include India in the provisions of the Pressler amendment, but some of its members sharply criticised India's human rights record in Punjab and Kashmir in the course of debating the Foreign Assistance Authorisation Bill for fiscal 1992-93.

India's ambassador to the United States, Mr. Abid Hussain, was away in Hawaii yesterday, but is expected to return today on hearing the result of the house vote.

An embassy spokesman, Mr. R. Dayakar, said in a statement released late last night that the embassy was dismayed and disappointed at the passing of such an amendment when it was well known that India's nuclear programme is devoted exclusively to peaceful purposes.

Also in the house yesterday, Mr. Wally Herger and Mr. Dan Burton, both Republicans, criticised India's human rights record sharply, though Mr. Herger agreed to

modify his proposed amendment urging the U.S. to withhold all aid to India until it improved its human rights record.

On Tuesday, when the debate continues, India might have to face some tough amendments from Mr. Burton on the human rights question, according to a congressional source.

Further woes might lie in store for India on 19 June, when the house is likely to debate an appropriations bill on foreign aid. Yesterday's debate was over an authorisation bill. And then the senate, sometime in July, might pass a similar amendment unless the Indian government, working through its embassy, can prevent it.

Pakistan and India are "in the same boat," in the words of Mr. Robert Lagomarsing, the Republican Congressman, who introduced the amendment jointly with Mr. Charles Wilson, also a Republican, to bring India under the Pressler law.

Mr. Peter Hostmeyer (Democrat) amended the Lagomarsing, Wilson amendment to account for the fact since India had already exploded a nuclear device (in 1974), it would be held accountable for "additional" nuclear weapons and not for the device already exploded.

If yesterday's amendment becomes law, after it passes through the senate and is signed by the President, Mr. George Bush, India will require a certificate from the U.S. President each year saying that it does not possess a nuclear weapon, and that it is not pursuing a nuclear weapons programme, before it can receive American aid.

The amount of annual U.S. aid to India is negligible, at around 22 million. At that level, any inclusion of India under the Pressler law would have little effect even if India were actively following a nuclear weapons programme, argued Mr. Stephen Solarz (Democrat). Also, before equating India with Pakistan, the threat of China, a nuclear weapons power, to India had to be taken into account, Mr. Solarz said. But such views were in a minority.

At present, U.S. aid to Pakistan remains suspended because Mr. Bush was unable to certify last year that Islamabad was not pursuing a nuclear weapons programme. On Wednesday, a move in Congress to have the Pressler law waived for Pakistan was defeated by a wide margin. Yesterday, it was India's turn.

The passed amendment would "prohibit U.S. assistance to India" until the President certified for fiscal 1992-93 that "India is not developing additional nuclear explosive devices." There are, however, many stages before an amendment becomes law.

It will be debated in the senate, in July, during discussions on a parallel foreign assistance bill. If the senate also endorsed a similar amendment, separately moved, the bill will go up to the President for signature. After that, it would become law. If the senate and the house differed on any aspect of the bill, their foreign affairs

committees would meet to sort out the differences before sending the bill to the White House.

The chances of the amendment becoming law, are strong, though there is time for the Indian government and its embassy, here to try hard to prevent such a development. So far, the embassy's efforts have apparently been less successful on this issue than those of, say, Pakistan, in the U.S. Congress.

"Pakistan will be very happy," said Mr. Solarz yesterday in the course of the debate. This move could well lead to a sudden deterioration in the recently improving relations between India and the United States and the hardworking Pakistan lobby, on Capitol Hill and within the U.S. administration, would be quite pleased.

"India values highly its relationship with the U.S.," said the Indian embassy's spokesman last night. "We hope no step would be taken that obstructs the process of improving the bilateral relations." He pointed out that India had exercised great self-restraint in not treading the nuclear weapons path.

Surprisingly, Mr. Henry Hyde (Republican), who had moved on Wednesday against keeping Pakistan under the Pressler law, voted yesterday against the Lagomarsino-Wilson amendment, because he thought it would be just as unfair to put India under the Pressler law as it would be to keep Pakistan under it.

But even his support came too late. Neither Mr. Hyde's unexpected support nor Mr. Solarz's strong campaigning of India's cause especially his drawing attention to the fact of China's nuclear weaponry as a critical factor in South Asian strategic considerations could sway house members.

Meanwhile, the United States had given a "positive response" to the Pakistan Premier, Mr. Nawaz Sharif's recent proposal for talks to be attended by the U.S., the Soviet Union, China, India and Pakistan to make south Asia nuclear weapon-free, according to a high-level Pakistani delegation visiting Washington.

The delegation meeting top U.S. leaders told the press yesterday that Washington saw the proposal as "constructive and worth pursuing."

On 6 June, Mr. Sharif said Pakistan was prepared to enter into a bilateral agreement with India or a regional arms control regime to make South Asia free of weapons of mass destruction.

Speaking at the national defence college in Rawalpindi, he also called for lower levels of conventional forces in the sub-continent. However, he said, "Pakistan will not take unilateral steps which endanger our national security."

Papers Report, Comment on Indo-U.S. Relations

Armed Forces Exchanges

91AS1201A Madras *THE HINDU* in English
25 Jun 91 p 9

[Quotation marks as published]

[Text] New Delhi, 24 June: India today categorically stated that it would not accept any U.S. conditionalities for exchanges between the armed forces of the two countries under the U.S. Institute for Military and Educational and Training (IMET) programmes.

In a strongly-worded statement, a spokesman of the External Affairs Ministry described as "unwarranted" an amendment passed by the U.S. House of Representatives as part of the Foreign Aid Authorisation Bill for fiscal year 1992-93. It called upon the U.S. President to ensure that the "IMET programme for India instills programme participants with an enhanced understanding and appreciation of, and ability to apply internationally recognised human rights and humanitarian standards."

He said: "There is no question of the Government of India accepting any conditionalities for such exchanges. In any case these programmes are intended for mutual benefit and India is not the sole beneficiary."

The spokesman said: "Our armed forces are renowned as a thoroughly trained and highly disciplined force. They need no lesson from others in compassion, orality or application of human rights and humanitarian standards."

He said the amendment by implication casts an unwarranted slur on Indian armed forces who, in the face of sustained and widespread terrorist violence and extreme provocations, had been acting bravely and with utmost restraint.

They were operating against terrorists who were being infiltrated from across the border after being trained and heavily armed and who sought shelter behind innocent civilians, he said.

The IMET programme, amounting to \$345,000 for fiscal 1992-93, is an exchange programme which facilitates professional contacts and specialised training between the armed forces of the two countries. Training slots are identified by the two Governments annually. On the basis of reciprocity, the Indian Government also provides some slots for U.S. armed forces personnel in courses held at the National Defence College and the Staff College at Wellington.

Stand on Kashmir

91AS1201B Bombay *THE TIMES OF INDIA*
in English 22 Jun 91 p 8

[Text] The mature stand taken by the U.S. House of Representatives on the issues raised by the secessionist

challenge in Kashmir and Punjab deserves to be described as a landmark in Indo-U.S. relations. Formulated in consultation with the administration and human rights organisations it lends the powerful support of the House to the State Department's plea for a bilateral resolution of the Kashmir issue in terms of the Shimla agreement which, as Washington now sees it, makes the earlier provision for U.N.-sponsored plebiscite obsolete. This is a great gain for India. Both the new Government and the leading opposition parties need to acknowledge it. Basically, the prism through which India is viewed has been changed by the end of the Cold War, permitting the U.S. to view the problems of the subcontinent on merit rather than in terms of Washington's strategic interest. Secondly, the U.S. shares the worldwide concern over the threat to nation-states from sub-nationalism of ethnic and religious minorities. The new world order that Washington wants to build will be in grave jeopardy if countries start unravelling. This explains why Secretary of State James Baker was in Belgrade on Friday to urge Yugoslavia's warring republics to find compromises. New Delhi on its part should demonstrate its appreciation of Washington's realism by taking a more nuanced stand on issues on which the two countries disagree.

The reference to human rights in the Feighan amendment makes a plea to India to respect internationally recognised human rights but balances this admirably by condemning the gross abuses of militants in Punjab and Kashmir. This stands in sharp contrast with the one-sided comments on the Indian state's alleged abuses by self-appointed guardians of human rights both in this country and abroad. More important the amendment recognises that Pakistan is aggravating the challenge posed by militants to the Indian state by providing training and arms. This stricture marks perhaps the first occasion when such an indictment has been made at this authoritative level in the west, and this will undoubtedly influence the stance of other countries with regard to Pakistan's bid to use the human rights issue to put India in the dock. This does not, however, diminish the need for New Delhi to do everything possible to ensure respect for the rights of peaceful citizens by the security forces, though the militants are making this very difficult by deliberately getting innocents caught in the middle. India's political leadership has to recognise that human rights have moved up in the global agenda and should respond to misgivings voiced abroad with sensitivity.

Reaction to Pressler Amendment

91AS1201C Madras INDIAN EXPRESS in English
16 Jun 91 p 13

[Boldface words as published]

[Text] New Delhi, 15 June: Major political parties, including the Congress(I), the Bharatiya Janata Party (BJP), the Janata Dal and the CPI(M) [Communist Party

of India-Marxist], have reacted sharply to the voting in the United States House of Representatives to extend the Pressler law to India.

Stating that the U.S. was being 'unfair' to India, the Congress-I spokesman, Mr. Pranab Mukherjee asserted that India's plutonium reprocessing facilities could not be equated with Pakistan's clandestinely built uranium enrichment plant at Kahuta because the latter had no civilian use for the high-degree enrichment of uranium. Though India had acknowledged capability to build a nuclear weapon, all successive governments had solemnly affirmed that India would not exercise the nuclear option unless Pakistan compels it to, he recalled.

Several reports quoting U.S. intelligence had spoken of Pakistan's efforts to bring nuclear weapons into operational position through modified F-16 aircraft or in some other manner when Pakistan was engaged in brinkmanship over Kashmir, Mr. Mukherjee said, adding that no one had said anything even remotely similar about India. Besides, India had always made its abhorrence of nuclear weapons clear and had been on the forefront of efforts for nuclear disarmament on international fora, he recalled.

The Congress-I spokesman, however, reiterated that the Indian government had persistently maintained for the past two and a half decades that South Asia could not be denuclearised in isolation when it was surrounded by nuclear weapons deployed by the three superpowers, the U.S., USSR and China.

While Mr. Mukherjee pointed out that the decision about extension of the Pressler amendment would become a law only after it was ratified by the Senate and then by the U.S. President, he blamed the India for not being 'alert' when Pakistan had launched a propaganda offensive on this issue. If India had effectively countered the propaganda at the right time, the current situation could have perhaps been avoided, he observed. He hoped that the 'wiser and saner elements in the U.S. will do their best to limit the damage.'

BJP surprised: The BJP has expressed its "surprise and deep regret" at the passage of the Pressler amendment. The party vice-president, Mr. K. R. Malkani, said here on Saturday that the BJP "is keenly interested in friendly and cooperative relations" between India and the United States but the latest move "will, inevitably, impede the development of such relations."

"We reject any attempt by any foreign power to place restrictions on India's sovereign right to pursue its national goals as defined by Indians themselves. Our people will not falter in their determination to safeguard the sovereignty, unity and territorial integrity of India by all means," Mr. Malkani said.

He stressed that the relationship between India and the United States was not confined to the U.S. providing aid to India. "It is multifaceted and mutually beneficial" and the Pressler amendment "will harm the interests of

both countries." He added that "billions of dollars have been poured by the U.S. in aid to countries which have barely disguised their nuclear-weapon status."

Describing the abrupt move to equate India with Pakistan on the nuclear question as "a totally unfortunate decision," the Janata Dal spokesman, Mr. S. Jaipal Reddy said here on Saturday that the India "has had the capability for nuclear weapons for about two decades but, in conformity with its own commitment to the ideal of the global nuclear disarmament, India has refrained from going nuclear." Mr. Reddy said that India's approach to the issue had been global and not regional" and we, as a nation, have rightly refused to sign the discriminatory nuclear Non-Proliferation Treaty (NPT)."

"We see a bid, on the part of the Pakistani lobby of the U.S. Congress, to impose a regional version of the NPT on India" Mr. Reddy said and hoped that such an attempt would be stalled by the Senate and the U.S. government. He said that the Janata Dal was of the view that India should "never submit to this kind of pressure under any circumstance" and added that "we have a sovereign right to keep our nuclear options open."

Threat denounced: The politburo of the CPI(M) has strongly denounced the "latest threat issued by the U.S. imperialism to condition bilateral aid to India to a U.S. presidential certification that India does not possess nuclear weapons as of October 1991."

While criticising the government and the Congress(I) for taking this threat lightly, called upon the people of India "to protest against this move and to unitedly face this new challenge..."

In a statement issued here on Saturday, the party has said that the decision of the U.S. House of Representatives had put the development aid of \$22 million for the fiscal year 1992 in question. "What is at stake is not this paltry amount but the dignity and self-respect of independent India." Recalling how in 1987, the U.S. administration had tried to brow-beat India to sign the Non-Proliferation Treaty, the CPI(M) said that "the signing of this would have meant depriving India of the right to defend its security while allowing U.S. nuclear monopoly in the region, particularly through Pakistan."

Talking to newsmen, Mr. Harkishan Singh Surjeet, member of the politburo, said that the U.S. administration had different norms while dealing with Israel.

Areas for Cooperation

91AS1201D Madras THE HINDU in English 4 Jul 91 p 8

[Article by C. Raja Mohan]

[Text] Defining the contours of a more productive relationship with the United States must indeed be the topmost foreign policy priority for the new Government in New Delhi. The reworking of the relations with the United States is also likely to be quite contentious.

Indo-American dialogue, nurtured and sustained through the Eighties under different dispensations in New Delhi in the face of a difficult international situation (the Soviet-American Cold War) and hostile regional dynamics (the renewal of the U.S.-Pak military relationship), is now clearly poised for a major breakthrough. The end of the Cold War, the initiation of a new cooperative relationship between Moscow and Washington, and the increasing forgetfulness of the civil war in Afghanistan have favourably transformed the international scenario into one where the relationship between India and the United States will be more harmonious.

Yet, as the refuelling episode during the Gulf War demonstrated, Indo-U.S. cooperation is vulnerable to domestic political discourse. America has looked large, in essentially a negative manner, in the Indian political debate, particularly since the late Sixties. One has to just recall the excessive paranoia about the CIA and the foreign hand. The enduring anti-American consensus in the Indian establishment had become a powerful tool in maligning political opponents and obfuscating economic and strategic complexities. The Congress Party, led by late Rajiv Gandhi, which was instrumental in working out a new basis for cooperation during the late Eighties could not resist the temptation of making political capital out of the refuelling issue when in Opposition. While the strategic logic dictates closer ties with the U.S., the new Government's efforts in that direction could be hampered by its minority status as well as the persistence of old thinking in the Congress Party.

The development of a new consensus and a healthy and more relaxed attitude towards the United States in the new international context has been blocked by a bizarre debate in the country on the nature of the post-Cold War world and the American role in it. The sense of a unipolar world and the image of America as the sole superpower exercising global hegemony in the wake of Soviet retrenchment and the stunning American victory in the Gulf have tended to distort New Delhi's perceptions of its options in a changing world.

The logic of Pax Americana has produced two different responses, both equally dangerous. On the Left, there is the demand that India lead the anti-imperialist charge riding either the old horse of non-alignment or the new one of a proposed triangular block of India, China and the Soviet Union. These are visions that could make even Don Quixote win. The Non-Aligned Movement is afflicted by terminal fatigue, and neither the Soviet Union nor China is interested in forming a new bloc against the U.S., which both of them see as critical to the success of their internal reform and modernisation.

On the Right, it is argued that since the world is now unipolar, India has no option but to capitulate to the various American pressures and demands. A viable and lasting relationship between two large countries cannot

be built on the basis of obsequiousness by one side. It can only be built upon convergent and parallel interests and respect to each other's political sensibilities.

Balance of power

But the reality is not of Pax Americana, but the emergence of a world of many powers of which the United States is indeed the most powerful and certainly the first among the great powers. But the Gulf War and the events following it have shown that the United States can only lead in cooperation with the other great powers, not by the unilateral exercise of its power. The domestic, economic and financial difficulties are also forcing the United States to undertake partial strategic retrenchment in Europe and Asia, promote greater burden-sharing among its allies, and encourage other actors to manage regional problems. In most areas of the world, considerations of balance of power, rather than that of hegemony are going to dominate U.S. foreign policy. There should be no basic difficulty for India in doing business with such a United States, not just in the economic sense but in the security realm as well.

But to expand the relationship, New Delhi and Washington need to work hard to remove a number of tactical hurdles coming in the way. On its part, the United States must go all the way to assure New Delhi that it is solidly committed to the unity and integrity of India. There has been persistent public scepticism on this score often expressed in the fears of American-inspired balkanisation at the extreme or the more reasonable sense of American indifference to the acute problem of terrorism and Pakistan-sponsored subversion in India.

Washington has certainly moved in a positive direction on some of these issues in recent years. Its support to the Shimla agreement in resolving the Kashmir tangle and its opposition to plebiscite in Kashmir are indicative. In a clear statement to the congress recently, the Bush Administration has pined out that the "plebiscite mechanism outlined in the U.N. resolutions was overtaken by the Shimla agreement, which we believe provides the best framework for a resolution of the Indo-Pakistani dispute over Kashmir."

In expressing its human rights concern, Washington might show the same gravity of concern, towards terrorism in the sub-continent, as it does in the Middle East. The United States is moving towards an appreciation of the need to preserve international borders, as in Yugoslavia, to avoid chaos and anarchy in the world. As in the case of Yugoslavia, Washington must declare itself firmly opposed to secession from the existing States in the subcontinent. New Delhi, from its side, could project its human rights case far better than Washington. It could also be more relaxed about the visits by international human rights organisations to Punjab and Kashmir. Amnesty and Asia Watch can do little more damage than the reporting in the Indian media and the claims of the human rights activists.

Washington and New Delhi need to have greater mutual appreciation of their respective roles in the Indian sub-continent. There has been a lot of hot air over the U.S. certification of India's status as a regional power. The issue is no longer a question of India's pre-eminence in the sub-continent (that is a geographic fact), but the harmonisation of both the countries views on where South Asia should be heading in the coming years. The avoidance of war between India and Pakistan, the creation of stable and secure borders, the promotion of democracy and political pluralism, opposition to sectarianism, religious fundamentalism, terrorism and narco-terrorism do clearly form an agenda on which the two sides could cooperate.

The mission by Mr. Robert Gates, then the Deputy National Security Adviser and now the chief of CIA, at the height of the Kashmir crisis in the spring of 1990, has had the salutary effect of tempering Pakistan's adventurism. Given the common interests in preventing an Indo-Pak war, India must take the initiative in articulating a range of arms control and confidence-building measures to stabilise the border. The United States could be more forthcoming on the issues of drugs, terrorism and sectarianism that are central to maintaining a more secure sub-continent. At a more basic level, India has begun to shed some of its inhibitions in outlining its vision of a more cooperative order in South Asia. The recent call by the Foreign Secretary, Mr. Muchkund Dubey, to move towards greater economic integration in the region is a step in the right direction. The onus for rejecting a forward vision of the sub-continent that is shared by the two countries, must be seen and believed as resting with our neighbours.

The Indian Ocean issue must be transformed from being a conflicting element on the agenda to one of cooperation. It might have made some strategic sense during the Cold War for India to oppose naval presence in the Indian Ocean and campaign against the U.S. military base in Diego Garcia. India had also made a fetish, as in the Sri Lanka Accord of 1987, to oppose U.S. strategic presence in the neighbourhood.

Parallel goals

India needs to distance itself from the 'zone of peace' idea and outline a new framework for its cooperation with the United States and other great powers to achieve the objectives of common security and cooperation in economic, scientific, technological and ecological fields.

India and the United States, as well as the Soviet Union, have common interests in the post-Cold War era to ensure freedom of the high seas, safety of sea lanes, and the maintenance of peace and stability in the region. The strategic goals may no longer be antagonistic but parallel. But is it really feasible to have expanded naval cooperation between the two in the coming years?

India's minimal support in allowing refuelling to U.S. planes during the Gulf war had to be aborted. But fortunately the two sides did not allow the controversy to

jeopardise the possibilities for long range military cooperation between Washington and New Delhi. They must now explore the opportunities for expanding strategic cooperation in the Indian Ocean. The first step could be the initiation of joint exercises between the two navies in the Indian Ocean. This would require a change in India's traditional reluctance to participate in military exercises with other countries. India can and must use the military exercises as a means of expanding cooperation not only with the United States, but also with the other powers such as the Soviet Union and France. Open naval interaction by India should allay apprehensions about our Navy in the United States and South East Asia. The interaction need not be limited to securing military objectives, but must also include the scientific and the ecological. The U.S. Navy has a large scientific component and can collaborate with India on the study of the Indian Ocean in all its dimensions.

As India opens up for greater military interaction with the United States, Washington must shed its traditional policy of viewing India from the limiting strategic prism of South Asia. As the United States struggles to cope with a rapidly changing balance of power in the Eastern and Western parts of Asia, it could find India an important strategic partner in building a peaceful and cooperative order not just in the sub-continent, but in the entire Asian region.

U.S. Activities in Bangladesh Questioned

91AS1175A *Bombay THE SUNDAY TIMES OF INDIA*
in English 7 Jul 91 pp 1, 4

[Article by Anikendra Nath Sen]

[Text] New Delhi, 6 Jul (The Times of India News Service)—U.S. military personnel, forming part of the remnants of a cyclone relief task force, have been carrying out extensive surveys in sensitive areas on the Indo-Bangladesh border and off the Bangladesh coastline.

According to informed sources, an American F-12C aircraft carried out a five-hour survey of the border areas on 25 May. The aircraft took off from a temporary base established by the task force in Dhaka airport.

The objective of the mission, carried out under the supervision of an American officer, identified as Colonel Stone, was to take extensive photographs of the border areas, especially of the sensitive Chittagong hill tracts, using sophisticated cameras on board the aircraft.

The nature of such a mission was driven home to the Indian authorities following reports of an American aircraft crash in Feni district near Tripura in the last week of May. The crash, involving an American fighter aircraft, also put paid to widely circulated reports that the task force was merely using helicopters to provide quick relief to cyclone victims and that no warplanes had been deployed in operation "Sea Angel," the name given to the relief operations.

The Americans have also undertaken extensive ground-level surveys. Accompanied by personnel of the Bangladesh Rifles, they have photographed border areas adjoining south and west Tripura.

About 200 American task force surveyors are also reported conducting exhaustive hydrographic surveys off the Bangladesh coast. It is understood that the Americans are carrying out the survey under an agreement between the two countries which has not been made public. The project is meant to help Bangladesh determine its maritime boundaries.

Both the land and sea survey operations are likely to have serious ramifications for India. The American involvement is bound to add a new dimension to the maritime dispute between the two countries.

Jurisdictional claims and counterclaims over new islands, like the New Moore island, which suddenly surface in areas such as the Sunderban estuary, have been the source of a seemingly endless dispute between the two countries and the Americans are likely to create further complications by carrying out surveys in precisely this area.

The motives of the Americans in undertaking such a task in view of the increasingly cordial relations between India and that country, has become the source of some speculation among informed observers in India. According to some, the Americans could be on the look out for an alternative to their base in Subic Bay in the Philippines. The government of that country is under considerable domestic pressure not to renew the lease for the base.

The U.S. Navy had evinced interest in establishing refuelling and transit base facilities in St. Martin's island, about two hours journey from Chittagong, in the late 1970s. The U.S. Pacific command chief even visited the area in 1982. The plan was eventually shelved reportedly because the waters in that area were found to be too shallow to accommodate American warships.

Developments in the Philippines have prompted the Americans to expand their facilities in Singapore and may well have prompted them to take a second look at Bangladesh. The task force gained considerable operational experience in and around Chittagong port. This could stand them in good stead should they decide to establish a presence in the area at some future date.

The surveys carried out by land and air in the Chittagong hill tracts have ramifications of a very different sort. This area forms part of the soft underbelly of India's security network and is part of a tri-junction between India, Bangladesh and Burma. The exact motive behind the surveys in this region is not clear but, according to informed sources, it could form part of an elaborate population resettlement project which is already underway in the region.

Tribals constituted 98 percent of the 500,000 population in the hill tracts in 1947. Resettlement projects carried out since then have ensured that the tribal population is now down to about 52 percent of the 10.5 lakh at present. The remaining 48 percent is made up of Muslim settlers from the plains.

The Buddhist Chakma tribals, who originally constituted about 85 percent of the total tribal population, have been the main victims of the resettlement project. A continuous crackdown by the Bangladesh army has resulted in well over 100,000 Chakmas fleeing to India over the years.

The latest plan is to relocate the Chakmas in strategic cluster villages and to repopulate the areas vacated by them with around 2.5 lakh Muslims, mostly from the cyclone-affected areas in the plains. The surveys being conducted in the hill tracts could well form part of this relocation plan.

Fears Over VOA Station in Sri Lanka Explained

91AS1178A Madras THE HINDU in English 2 Jul 91 p 7

[Article by Thomas Abraham]

[Text] Colombo, 1 Jul—The Voice of America (VOA) plan to build a new relay station in Sri Lanka has once again triggered alarm bells in New Delhi, and has put the Sri Lankan Government in a dilemma. The station is due to come up on a 300 acre site near Chilaw, about 50 km north of here, and will replace a 40-year-old station that the VOA uses at present.

Since plans to build the new station became public in 1983 India has been worried that it might be used as a listening post to eavesdrop on Indian military communications. The low frequency submarine communication facility in Tamil Nadu is apparently particularly vulnerable to monitoring from a post in Sri Lanka.

In the mid 1980's, as relations between India and Sri Lanka deteriorated and Sri Lanka turned to countries like Israel, China and Pakistan, New Delhi feared that Colombo might well allow the VOA station to be used against India.

This concern was reflected in the letters exchanged between Sri Lanka and India at the time of the accord. Rajiv Gandhi's letter to Mr. J.R. Jayewardene read in part "Sri Lanka's agreements with foreign broadcasting organisations will be reviewed to ensure that any facilities set up by them in Sri Lanka are used solely as public broadcasting facilities and not for any military or intelligence purposes."

The issue died down after that. Largely because the VOA's expansion plans were slowed down by budget cuts and bureaucratic inertia. But recently, VOA received the go ahead to build the new station, which will be more powerful than the existing one, and will cover not only South Asia, China and Indonesia, but also the

Arabian peninsula and eastern and southern Africa. Work has not yet begun, but the project is expected to cost around \$50 million, and should be operational by 1995. The relay station is expected to have three 500 kw transmitters.

Bishop's Protest

The project shot into the headlines of local newspapers after the Bishop of Colombo protested against the siting of the project in the predominantly Roman Catholic Chilaw area, on the grounds that it would disrupt the lives of the local residents. The U.S. Embassy in Colombo managed to allay the Bishop's fears and also promised funds to improve roads and civic amenities in the area.

India has raised the issue with the Sri Lankan Government, which has passed on to India the assurances it has received from the U.S. Government that the facility will be used solely for public broadcasting. Speaking about the discussions with the Sri Lankan Government the High Commissioner, Mr. N.N. Sha, said the understanding between the two governments was "much happier today than it was several months ago" and said this was symptomatic of the improved ties between them.

Assurances to India

India has received assurances that the VOA station is harmless, and Indian policy now appears to wait until actual work starts and try and keep an eye on the kind of equipment that is being installed. It is possible that Sri Lanka could keep India informed about the specifications of the equipment that the VOA is importing into the island.

The issue is not, however, of the highest priority, as is clear from the fact that the Foreign Secretary, Mr. Muchkund Dubey, did not raise it while passing through Colombo recently. Neither is it likely to be discussed between the foreign ministers of the two countries at Male.

The U.S. Government has passed on its plans for the station to the Sri Lankan Government, and a U.S. Embassy spokesman said that all VOA facilities will be open for public inspection. "VOA facilities are used solely for public broadcasting...they are not used for military and intelligence purposes," he said.

Oral Agreement

So far, Sri Lanka has given an oral agreement to the VOA to go ahead with construction work, and a team of engineers has begun preliminary work by taking soil samples from the site. The Sri Lankan dilemma is that it has to both satisfy India, and keep to its commitment to the United States to allow the relay station to be upgraded.

Besides the VOA, the German radio station, Radio Deutsch Weller, also has a powerful relay station at

Kuchchaveli, just north of Trincomalee. The station is used for broadcasts to Asia, and according to one source it has a 600 kilowatt transmitter, which would make it more powerful than the VOA's transmitter.

Several analysts here feel that danger of the VOA being used as a spy facility is remote and point out that there are easier ways to eavesdrop on military communications than by building such a high profile public broadcasting station. "If they really wanted to listen, they probably could do it as easily from the U.S. Embassy premises," said one observer.

Post-Gandhi Relations With Pakistan Considered

Effects of Condolence Visit

91AS1126A Madras THE HINDU in English
28 May 91 p 6

[Article by Kesava Menon; boldface words as published]

[Text] Islamabad, 27 May: The mood of the Pakistan Prime Minister, Mr. Nawaz Sharif, on his return here from New Delhi on Saturday could only be described as tired but buoyant.

Having decided with great promptitude to attend the funeral of Rajiv Gandhi and having availed of the opportunity to meet leaders of India's main political forces, Mr. Sharif has reason to feel that something had been achieved. Perhaps, the primary gain has been a realisation that Indians will not be obdurately hostile to Pakistani leaders and a confidence that business can be carried out with whoever comes to power in India after the elections.

As he pointed out at a press conference on his return, the main purpose with which Mr. Sharif went to India was to offer condolences on Rajiv Gandhi's assassination. Such a gesture is itself worth appreciation given the state of relations between the two countries and given the fear that the Indian public's response to a Pakistani leader could be hostile. This gesture could also not be faulted from the point of view of domestic political calculations. In the context in which the visit was being made, none of Mr. Sharif's domestic critics could cavil about his taking such a trip to India and it is to be noted that even the fundamentalist Jammāt Islāmī leaders expressed their condolences at Rajiv Gandhi's demise.

The Opposition leader, Ms. Benazir Bhutto, was equally prompt in expressing both her condolences and her desire to attend for the funeral. Ms. Bhutto had so far cut a more glamorous figure as far as the Indian public was concerned and she could well have upstaged the Prime Minister if they were to travel together. In any case, from the point of view of relations between the Governments it was necessary that the Prime Minister of Pakistan made his own distinctive imprint.

Given the nature of the visit and the state of uncertainty in India, the trip could not have offered Mr. Sharif more than

an opportunity to assess the mood in the country and to acquaint himself with leaders of various shades of opinion. Credit is due to whoever arranged Mr. Sharif's meetings with all potential candidates for Prime Ministership.

Of special interest was his meeting with leaders of the BJP [Bharatiya Janata Party] which is regarded here as a particularly virulent force which could do incalculable harm to peace within the sub-continent. And, though Mr. Sharif declined to disclose any details of his meeting with Mr. L.K. Advani and Mr. Atal Behari Vajpayee (his comments were subsumed in the over all theme that the response of Indian leaders had been positive and encouraging) the fact has been noted by newspapers here which have prominently displayed a photograph of the meeting.

Quiet triumph: While exuding a quiet triumph, Mr. Sharif, in keeping with his pragmatic approach, avoided giving the impression that Indo-Pak relations were poised for a dramatic upswing. He well knows that a cautious path has to be tread through this minefield of mutual suspicions and festering animosities and yet the necessity of improving relations cannot be denied.

The emphasis which he placed on the social and economic benefits which could accrue to the people of the region if tensions were to be reduced is a pointer to the slot which an improvement of relations with India has in his programme. The business community, of which Mr. Sharif is a leading representative, is also impatient for a betterment of trade relations. Apart from that, a cut down in defence expenditure, which can only follow an improvement of relations with India, is vital to the success of the economic reforms which are the key components of Mr. Sharif programme.

In the long run, Mr. Sharif will have to carefully cultivate the positive trends in Pakistan's collective attitude to India. This attitude can perhaps be best described as schizophrenic, consisting as it does of a sense of cultural affinity as well as shared history, and a sense of having being wronged by India in the past and of being threatened by it in the present and future. Of course, the current phase of political uncertainty in India and the potential it holds for a disruption of the national fabric has introduced new calculations and thus new feelings about the country.

Pakistani observers, both official and non-official, have yet to formulate clear prognosis about the future course of India or prescribe policy options. Against the background of strife in Kashmir, Punjab, Assam and elsewhere, several were wont to see an imminent break up of India. In the current phase especially, speculation has intensified as to whether a weakened Central Government will be able to contain fissiparous tendencies, though some have suggested that India's establishment (by which they mean the Army, the bureaucracy and the industrial and business community) will have the urge, if not the strength, to prevent this from happening. Such

predictions are, of course, based on the assumption (though even those advancing it are not very certain about it) that the elections will not produce a strong and stable government.

There are also those who feel that a government which does not subscribe to the liberal, democratic and secular traditions will either not be able to hold India together or will be able to do so only by turning fascist internally and adventurist externally. Adventurism, which basically means a willingness for an assault of Pakistan, it is felt, might also be indulged in by a government not sure of its support.

Fears about BJP: Here, the upsurge of the BJP, as reported in the media, and the disarray in the Congress(I) is giving cause for alarm. Ironically where Rajiv Gandhi was earlier a target of criticism for displaying some of these very tendencies, especially a vacillating attitude communal forces, he is now being projected as the last true defender of the liberal, secular and democratic ethos nurtured from the time of his grandfather.

Repressed glee that India could be on the verge of a break-up is discernible here and there. However, there are also those who caution that any disruption in India could have an adverse impact on Pakistan as well. Apart from a strengthening of adventurist tendencies a serious threat to India's unity could have its repercussions for a Pakistani society which is almost equally fragile, they caution. Those who share this perspective appear anxious that the party's survive as a strong and viable force and though they do hope for a resurgence of the Congress(I) under a dynamic and able leader, they do understand the Congress(I)'s desperation in running to Mrs. Sonia Gandhi.

Kashmir policy: The main components of Pakistan's policymaking apparatus appear to be equally frantic about evolving a calibrated response to the fast-developing scene in India. In any fine-tuning of India policy, the key element will of course be a review of the Kashmir policy in the changed context. Since Rajiv Gandhi's assassination there have been no suggestions that the time is ripe for a military offensive in Kashmir (prior to that there were a couple of stray articles of the sort). Pakistan has its won difficulties centering on the squeeze in military assistance and an awareness that world powers will not remain indifferent. But the Kashmir militants have already announced a programme of stepped up activities over the summer and Pakistan's diplomatic efforts continue, though till now without any greatly enhanced effectiveness.

There are some indications that the main thrust will be on the diplomatic front and that the search is on for some dramatic proposal which will simultaneously project Pakistan's stand on Kashmir as principled and allay fears that a break-up of India is being sought.

DPA reports:

Arafat's caution: According to the newspaper JANG, the PLO chairman, Mr. Yasser Arafat, has warned Pakistan that Israel was trying to destroy its Kahuta nuclear site.

Mr. Arafat told the former Pakistan Prime Minister, Ms. Benazir Bhutto, about Israel's intentions in New Delhi where they met at Rajiv Gandhi's funeral, the newspaper said.

Mr. Arafat reportedly told Ms. Bhutto that Israel planned to sabotage the Kahuta plant from inside to create the impression that the Muslim nation was not capable of operating nuclear technology safely.

Pakistan has persistently denied reports abroad that it is developing nuclear weapons at the facility, and has offered to sign the Nuclear Non-Proliferation Treaty (NPT) provided India does the same.

Reported Rajiv Statement

91AS1126B Madras THE HINDU in English
28 May 91 p 9

[Article by K.K. Katyal]

[Text] New Delhi, 27 May: A remark ascribed to the late Rajiv Gandhi by a U.S. correspondent—that he and Gen. Zia-ul-Haq were close to finalising an agreement on Kashmir—is the subject of surprised comment in Pakistan. In India too the report is considered intriguing.

The correspondent of the NEW YORK TIMES, Barbara Crosette, who, along with another journalist colleague talked to Rajiv Gandhi till a few minutes before his assassination, quoted him thus: "We (Rajiv Gandhi and Gen. Zia) were close to finishing an agreement on Kashmir. We had the maps and everything ready to sign. And then he was killed." According to the correspondent, Rajiv Gandhi spoke of evidence that Gen. Zia was murdered but would not say more.

New Delhi chose to ignore the report but a Pakistan Foreign Office spokesman, expressing surprise at it, described its content as unfounded. Rajiv Gandhi, he said, had probably been misunderstood and might have alluded to Siachen rather than Kashmir.

The former Pakistani Minister of State for Foreign Affairs, Mr. Zain Noorani, too came out with a refutation. "Whether Rajiv said it or not, THE NEW YORK TIMES correspondent misunderstood whatever he said it could be far from truth to say that any agreement on Kashmir issue was reached between the two. If, however, Rajiv did say this it could only be an attempt to create an impression in the international community that he was the only Indian leader who could solve serious problems with neighbouring countries."

If THE NEW YORK TIMES correspondent's version was correct, there would have been, according to Mr. Noorani, some record, some summary, some note or

some minutes, and the former Prime Minister, Ms. Benazir Bhutto, during her 21-month rule, could not have kept quiet and would have exploited the situation to its fullest.

Giving an account of a Rajiv-Zia meeting in 1986 in Oman, Mr. Noorani said: "Gen Zia suddenly whipped out the map of Siachen Glacier showing positions of the two armies and also indicating the longitude which had been mentioned in the original ceasefire agreement. He explained to Rajiv that India was much farther than was supposed to, with the result that Pakistan had also to take defensive positions.

"He offered that if India withdrew its forces to the original position, Pakistan would also be ready to reciprocate. Rajiv was caught completely unprepared and tried to offer some arguments which Gen. Zia was able to counteract most effectively. Rajiv then folded the map and promised to discuss the matter with his military people on return to India and discuss with Gen. Zia at their next meeting. But it is in my personal knowledge that on every occasion he avoided it."

"I am sure discussion concerning positions of the respective forces in the Siachen area did not and does not amount to discussion of the entire Kashmir issue."

Danger From Pakistan Missiles Related

China Told of Concerns

91AS1187A Madras *THE HINDU* in English
19 Jun 91 p 9

[Text] New Delhi, 18 June—India has told China that supply of arms and missiles to Pakistan posed a threat to it and was conducive to peace, security and stability in South Asia.

An External Affairs Ministry spokesman today confirmed the supply of short range missiles by China to Pakistan.

"We had in our discussions with the Chinese Government emphasised that supply of sophisticated arms and missiles to Pakistan beyond its legitimate requirement of defence poses a threat to India's security and was not conducive to peace security and stability in South Asia."

Talking to newspapers, the spokesman said India had made sincere efforts to improve relations with China through a frank and constructive dialogue on various issues of mutual concern. "We had suggested the need for avoidance of actions that do not build mutual confidence and understanding between India and China."

'Claim on Siachen untrue': On Pakistan's claim that it has captured the key Indian post at Sia la Pass in the upper Siachen glacier, he said the claim was "totally untrue."

Defense Experts Comment

91AS1187B Bombay *THE TIMES OF INDIA*
in English 27 Jun 91 p 6

[Text] New Delhi, 26 June (PTI)—Pakistan's acquisition of an unspecified number of M-11 ballistic missiles will leave India without any option but to proceed with its expensive missile development programmes and build an effective deterrent, according to defence experts here.

Introduction of these missiles with Chinese support in this region may pose a serious threat to India's security as a fool-proof defence system against missile threats was not available, they said.

Pakistan's acquisition of M-11s would also encourage a missile race in the region, they said.

Several north Indian cities would now directly come under the target range of Chinese-made surface-to-surface M-11 ballistic missiles, they said:

Pakistan has acquired an unspecified number of M-11 missiles which have a 300-km range. But experts say this range could be modified to travel longer distances like the Iraqis did with the Soviet-made Scud missiles.

The threat from any missile depends on three factors—accuracy, the nature of warhead carried by the missile and the number of missiles. According to sources, unlike the Scud missile, the M-11 missile has better guidance system which could guide the missile within meters of the target.

China's support of the dual capacity missile—capable of carrying a conventional and nuclear warhead—comes in the wake of reports that China gave their bomb design of their fourth bomb test (a warhead carried by a missile) and also enough enrichment uranium to make two nuclear bombs to Pakistan.

According to available data on the "M" family of tactical, short-range ballistic missiles, these are road-mobile, solid propellant, single warhead ballistic missiles.

The development of the "M" family of tactical short-range ballistic missiles probably started in the early 1980s to produce a family of weapons capable of delivering nuclear or conventional high-explosive warheads.

Three versions have so far been identified, designated M-9, M-11 and M-18 by the Chinese. A fourth version, M-7, has been reported by U.S. source but no further information is available.

An M-11 version of the missile was displayed in a photograph at an exhibition in 1988 and showed a missile on a missile transporter-erector-launcher vehicle.

It has been reported that the M-11 missile has two solid propellant stages and terminal guidance to provide increased accuracy.

Experts noted that China had denied earlier U.S. intelligence reports of spotting M-11 missile launchers in Pakistan in April this year.

In 1988, Pakistan had test-fired a missile, capable of carrying a nuclear warhead as far as New Delhi and Bombay. Another report said with Chinese technology, Pakistan has developed two surface-to-surface missiles—HATF-I with a range of 80 km and HATF-II with a range of 300 km.

Earlier, China had sold Saudi Arabia surface-to-surface Dong Feng-3A (East wind CSS-2) intercontinental range ballistic missiles (IRBM) in 1988, which raised worldwide criticism as it had serious implications for regional security in a conflict-prone region and global nonproliferation regime.

It also alarmed India since it brought parts of western India within the target range of these missiles. Another factor was Pakistan's close military links with Saudi Arabia and its financial support for Pakistan's development of an "Islamic Bomb," the experts said.

Until then, the U.S.-supplied F-16 fighter bomber was seen as Pakistan's possible delivery system for a nuclear weapon and now it had access to an IRBM with dual capability.

Anza, Pakistan's surface-to-air missile, developed with Chinese technology, is also another milestone in Pakistan-China military relationship, the experts said.

Considering the Pakistani nuclear weapons programme, these Pakistani missiles have the option of nuclear or conventional counter-force targeting capabilities ranging within arcs extending from Bombay-Pune in Maharashtra, Bhopal (Madhya Pradesh), Jhansi in Uttar Pradesh and Etawah-Sitapur, also in Uttar Pradesh, the experts said.

The HATF-I and HATF-II would be operational in about the same time-frame as India's "Prithvi" missile which has a 250-km range.

Conditions on Indo-Pakistan Border Reviewed

91AS1173A Bombay THE TIMES OF INDIA
in English 8 Jul 91 p 6

[Text] Jammu, 7 Jul (PTI)—An uneasy peace prevails along the western borders in Jammu and Kashmir [J&K] with Pakistan adopting the "twin strategy" of pushing in trained militants in the state and encroaching upon no-man's land.

"Intermittent firing" has been flaring up between Pakistani and Indian troops along the line of actual control (LAC), especially in the 50-km stretch in the Rajouri-Poonch-Keran sector and the Siachen glacier.

In the past two years, Pakistan has pushed into Jammu and Kashmir several thousand militants in small and big

groups along with arms and ammunition after giving them weapons training in several camps in Pakistan-occupied Kashmir (PoK).

Although Indian troops intercepted and arrested about 2,000 militants along the LAC and border villages and seized arms and ammunition following a stepped-up vigil by the army and Border Security Forces, yet the thrust by Pakistan to send more and more militants inside the state is continuing.

According to official estimates, the security forces killed 700 militants over the last two years on the five-km border belt, where dusk to dawn curfew has been imposed since February 1990 besides arresting 2,000 militants.

Of these, 450 militants were killed between January 1990 to February 1991 on the borders and 470 surrendered with arms and ammunition.

The arms and ammunition recovered from militants in the border areas included 1,500 AK 47 rifles, 120 machine guns, 150 rocket launchers, 400 rockets, 800 anti-personnel mines, 100 anti-tank mines, 900 pistols, 2.25 lakh rounds, two tons of explosive and other material.

In the border areas of Poonch and Kupwara there were four major encounters between security forces and militants in which nearly 136 militants were killed and 103 others surrendered since mid-July 1990 and June 1991.

The first encounter was in Poonch in July 1990 when 33 militants were killed and ten others captured. It was followed by another encounter in December last year in Kupwara in which 15 militants were killed and 103 surrendered with arms.

In another encounter at Kupwara in May about 73 militants were killed, while 15 others were killed and eight arrested in June this year.

The security forces also killed 40 militants and espionage agents in Rajouri-Poonch districts, which shares a long border of over 200 kms with PoK in the form of line of actual control.

The army recovered 56 rifles, 50 pistols, 121 bombs, 194 grenades, 11 rocket launchers and LMG's [light machine guns] and other ammunition in these areas, which are covered with jungles and large number of negotiable passes.

This terrain itself makes the guarding of the border a very difficult task and trans-border movements not so difficult. The Pir Panjal range divides this area from the Kashmir valley.

The passes in this range and higher reaches of border are snow-covered during winter making the movement over Pir Panjal to the valley extremely difficult and risky from December to March.

However, during rest of the year, the shortest and easiest routes from a number of militant training camps in PoK, pass through Rajouri, Poonch, including the famous Mughal route.

During winter months access between valley and PoK follows circuitous alternatives from lower hills/plains of the region through Jammu and Kashmir districts. Since the local populace is well conversant with the layout on both sides of the border, they are in position to exploit physical features for trans-border movement.

Another significant aspect of the border situation was that Pakistan, under cover of firing exchanges, has been encroaching on what comprised the 'no-man's land' meant to keep India and Pakistan forces at safe distances from each other.

According to defence sources, Pakistani troops, during the last three years, have encroached on no-man's land in violation of the Karachi agreement, signed in 1948 soon after the ceasefire line was established.

The agreement bound with the countries to keep 500 to 1,000 metres from both sides as a no-man's land.

While Pakistan is making huge noise over the alleged encroachment of India on Siachen glacier, it does not tell the world that it has through its provocative and unilateral actions ended what used to be the buffer between Indian and Pakistani troops in the shape of the no-man's land, the defence sources said.

The 'operation encroachment' by Pakistani troops began way back in April-May 1986, and heated up in August the same year when India objected to Pakistan for constructing trenches and small fortifications in Balakote area of Mendhar sector.

The first spell of firing exchanges in Balakote area lasted for 45 days and was followed by fire exchanges along Bagyal Dara and Sokar sectors. The fire firing in Bagyal Dara beginning in August of 1986 continued up to first week of December and died down temporarily after the two sides held the flag meetings.

The resumption of firing in mid-July 1987 once again brought the border posts of Kalichar, Naushera, Jhargar, Mendhar, Balnoi, Krishna Gatti, Jelas of the 50-km border belt into limelight. Ever since firing exchanges became a 'routine feature,' the sources said.

The border skirmishes in Kashmir valley were mostly taking place in Uri, Keran and Gurez sectors, besides Batalic area in Kargil district of Ladakh region.

However, the major firing exchange between Indian and Pakistani troops took place in Gurez sector last year and in the first week of July this year in which Pakistani troops resorted to heavy shelling by using artillery guns.

However, the increase in the firing exchanges in the last two years in Jammu and Kashmir is explained as a

Pakistani plan to provide fire cover to the militants so that insurgents could sneak into the state without any difficulty.

The Indian troops have retaliated and effectively replied to silence Pakistani guns. The Indian forces also plugged the loopholes from where armed infiltrators or espionage agents could enter into Indian territory, but there are still problems which cannot be surmounted due to the vulnerability of approximately 1,200 kms of border with Pakistan in J and K.

Meanwhile, reports here have indicated fresh concentration of Pakistani troops on the other side of the line of actual control. Reports said new cantonments have been set up and motorable roads have been built upto forward posts, including base headquarters of Siachen area.

The reports further said new airports have been built and old ones better equipped and modernised in PoK. Besides the height of watch towers along the border have been increased and new bunkers raised by Pakistani troops.

Analyst on Appointment of Pakistan Army Chief

91AS1132A Madras *THE HINDU* in English
13 Jun 91 p 9

[Article by K.K. Katyal; boldface words as published]

[Text] New Delhi, 12 June: Lt. Gen. Asif Nawaz Janjua, who has been designated new Chief of the Army Staff in Pakistan, hails from Punjab and hence his choice is expected to be popular with the military establishment there. He superseded Lt. Gen. Shamim Alam Khan, Corps commander of Bahawalpur, who is a migrant (Mohajir) like the outgoing Chief, Gen. Mirza Aslam Beg (due to retire on 17 August).

Two others, who were senior to Lt. Gen. Janjua, retired recently. Had their term been extended, one of them could have been in line for the top post. They were Lt. Gen. Imran, Ullah Khan, then corps commander of Rawalpindi, and Lt. Gen. Imtiaz Wahreich, then Deputy Chief of Army Staff.

Because of his seniority, Lt. Gen. Shamim Alam Khan is to take over as Chairman, Joint Chiefs of Staff Committee, in place of Admiral Ifikar Sirohi, whose retirement will be slightly advanced for the sake of simultaneity of the charges at the top.

The army chief-designate is known for his professional competence. He is non-controversial and has equally good relations with all power centres in Pakistan. Till recently, the corps commander in Karachi, he established his credibility as an effective General by representing the army's viewpoint on the troubled Sind. He held the Karachi post during the Benazir regime and succeeded in holding the balance among various forces, and, in particular, ensured that conflicts between the

MGM [expansion not given], organisation of mitigrants, and the Sindhi parties did not get out of hand.

The top change is of interest to India because of the contacts between senior army officials of the two countries, of which a beginning was made recently. A high-level delegation, representing the Pakistani defence establishment, was here around the time of the last round of the Foreign Secretaries' talks and the indian side is due to reciprocate the visit shortly.

Twin approach: Despite the problems created by Pakistan's interference in Punjab and Jammu and Kashmir, the two countries, it appears, will be maintaining contacts at various levels and doing political business as part of a compartmentalised approach.

The twin approach was reflected in the recent address of the Pakistan Prime Minister, Mr. Nawaz Sharif, to the National Defence College in Rawalpindi. He enunciated his plan for a five-nation initiative for nuclear non-proliferation for South Asia—dubbed propagandist by India—talked of the threat of Pakistan's security by "India's military build-up, development of medium-range missiles, the military potential of its unsafeguarded nuclear programme," and of the accentuation of the threat by "India's refusal to resolve the Kashmir dispute peacefully and its attempt to suppress the indigenious uprising in Kashmir."

And in that very address, he struck the following conciliatory line: "Nevertheless, we will continue our efforts for establishing good neighbourly relations with India. A beginning was made at Male during the SAARC [South Asian Association for Regional Cooperation] summit last November. My recent visit to New Delhi to attend the funeral of Mr. Rajiv Gandhi enabled me to establish personal contacts with leaders of India's main political parties. I was encouraged by the positive response to our desire to improve bilateral relations. We hope that once the new government has assumed power in New Delhi after the elections, it will be possible for us to move forward towards the establishment of tension-free relations and the settlement of the Kashmir dispute in accordance with the relevant UN resolutions. That would be in the spirit of Male and that of the Shimla Agreement, and would enable the two countries to devote their scarce resources to the improvement of the quality of life of their people."

Pakistan Restricts Indian Transit Passengers

91AS1174A Bombay THE TIMES OF INDIA
in English 6 Jul 91 p 1

[Text] Islamabad, 5 Jul—Pakistan has withdrawn transit facility at its international airports for Indian passengers alleging that it was being "gravely misused" by Indian agents, reports PTI.

The official Associated Press of Pakistan quoted the Federal Investigation Agency director, Major Amir, as

alleging that during their 24-hour transit halt, Indians managed to either slip away, or get involved in "nefarious" activities.

According to the latest directive, officials of Pakistan International Airlines, immigration and customs have been ordered to restrict Indian nationals within the airports.

The Punjab and Sind provincial governments, unable to combat terrorism, kidnappings and growing lawlessness, have started blaming "Indian agents."

But charges against India have remained unsubstantiated and no Indian transit passengers have been arrested so far.

The Pakistani news agency said all the law enforcement and intelligence agencies had been asked to search for Indian nationals staying illegally in Pakistan.

The interior ministry has also directed all Pakistani missions abroad to be extra cautious in granting visas, APP said.

India withheld comments on the Pakistani report.

An external affairs ministry spokesman said in response to questions in New Delhi: "We are checking details."

According to airport sources, Pakistani nationals in transit are not permitted stopover facilities without visas in Indian air terminals.

Iraqi Ambassador Asks for Food Aid

91AS1186A Calcutta THE STATESMAN in English
27 Jun 91 p 12

[Text] New Delhi, 26 June—The Iraqi Ambassador here, Mr. Abdul Wadood Shekhly, has requested India to supply to his country grain, sugar and tea in larger quantities.

He told a Press conference that though the war had ended, the "war of starvation continues. [quotation marks as received] The USA, Britain and France are doing all they can to harm Iraq and its people. Economic sanctions have not been lifted even though Iraq has implemented all UN resolutions. The allegations against us are baseless. Hundreds of thousands have died in Iraq because of shortage of food and medicine. Those starved to death include infants and old people.

Praising India's stand so far he said this country could play a role in the UN Security Council as its member in defending Iraq's rights.

In reply to questions he said India "will be in the vanguard of the reconstruction of Iraq." Answering another question he said: "We have approached the Security Council to allow Iraq to export one billion tons of crude oil but there is procrastination in lifting sanctions. Our aim is to produce 600,000 barrels a day for the rest of the year and two billion barrels a day next year.

"All bridges, highways and schools have been destroyed. Factories and refineries as well as water supply and communications have been damaged. The restoration will be very costly but we will do it in a few years. We have restored some hospitals and communication and several other things.

"The demarcation of border with Kuwait is going on smoothly from our side. We have sent back 6,300 Kuwaitis, some Americans, French and other citizens. We are looking for the missing.

"Iraq has given to the UN a list of its assets in 30 countries. We have declared gold and foreign currency.

"They say they would not lift sanctions until President Saddam Hussain is replaced. He is a man of principle. He is supported by the people. Why this campaign of ill will against him? By now President Bush should know why Saddam is still in power."

The Ambassador alleged that the Americans would "like to stay in north Iraq even though they talk of withdrawal. The Kurdish question is ours. Not American. The Kurds were given autonomy in 1970. It is an internal matter, to be dealt within one family. There are close Arab Kurdish links. [quotation marks as received]

Progress in Cambodian Peace Talks Welcomed

91AS1184A Madras THE HINDU in English
29 Jun 91 p 7

[Text] New Delhi, 28 June—India has welcomed the progress in talks between the Vietnamese-backed government in Phnom Penh and rebel factions led by the Khmer Rouge, supported by China. Negotiations which had led to an agreement on ceasefire may help in ending the 12-year civil war.

An External Affairs Ministry spokesman said India welcomed and was greatly encouraged by the recently-concluded meeting where significant headway was made on issues on which India had been consistently making an appeal.

These included cessation of hostilities, stoppage of arms supply to the Cambodian factions, and coordination of efforts between the Cambodian Prime Minister, Mr. Hun Sen, and Prince Sihanouk, the ousted leader of Cambodia who is now mediating between the government and rebel factions.

The Supreme National Council (SNC), an interim U.N.-backed composite body including all warring factions and representing Cambodian sovereignty till elections are held, concluded its meeting at the Thai beach resort of Pattaya recently.

The significant feature of the current round of talks was the flexibility shown by the Khmer Rouge, reportedly under Chinese pressure, on some of its earlier positions and an acceptance of Prince Sihanouk's continuation as mediator by all parties.

Rebel leaders accepted a plan for a U.N.-monitored ceasefire, demobilisation of the four factions, a U.N. peace keeping force, and involvement of the U.N. in running the country before the elections to be held under its supervision.

Both sides accepted that Prince Sihanouk should be chairman of the SNC till elections are held.

Soviet Plans of YAK-141 Offer Reported

91AS1185A Bombay THE TIMES OF INDIA
in English 29 Jun 91 p 16

[Text] London, 28 June (PTI)—The Soviet Union is preparing to offer India its latest vertical short take-off and landing (V/STOL) fighter, the Yak-141 "freestyle," according to the head of the Yakovlev Design Bureau (OKB), Mr. Sergey A. Yakovlev.

This will be the second proposal the Soviet Defence Ministry has made to the Indian navy, Mr. Yakovlev told JANE'S DEFENCE WEEKLY.

Mr. Yakovlev said, "Previously, India showed interest in buying this aircraft, but it was rather early (in its development programme). So now we will offer it to them a second time."

The supersonic Yak-141 is nearing the end of its development against a Soviet navy specification, but doubts exist that it will go into large-scale production owing to the drastic cash squeeze facing the Kremlin, the report said.

It said, consequently, Mr. Yakovlev is anxious for foreign participation in the programme and is hoping that India, already a naval V/STOL operator with a small fleet of sea harrier FRS 51 and two aircraft carriers, might be tempted to consider the Yak-141 a second time around. The Yak-141 is currently the only supersonic V/STOL aircraft in the world.

Mr. Yakovlev said consideration was first given to a supersonic follow-on to the YAK-38 "forger" in 1975, with detailed design starting in 1977. The aircraft flew in March 1989, and then it has been in manufacturer's flight test.

There are four aircraft in the development programme: two flying prototypes and two static test vehicles. The full programme is planned to end in 1995, with hand-over to the navy set for the previous year.

Mr. Yakovlev said, "We have two problems. The first is to receive enough money for (finishing) development and that is why we are rather moving slow now. The second is that our customer (the navy) is slow to find money for buying this particular plane."

The Yakovlev OKB is not the only Soviet design bureau to run into funding problems.

The report said both Beriev and Mikoyan officials at the Paris air show were concerned about there not being enough money to see their latest projects move into production.

In the case of Mikoyan, its next major development is a successor to the MiG-29 frontline fighter, the weekly said.

According to the report, Mr. Yakovlev is working hard on filling its design gap with civil or "konversiya" projects. "Konversiya is much simpler for our company because of our wide interest," he said.

In addition to two generations of V/STOL fighters, the bureau has produced the Yak-42 airliner (and will produce its Yak-46 propfan-powered successor), high altitude reconnaissance aircraft and even helicopters. It is currently working on a high speed train project.

Regular Meetings With France on Cooperation

91AS1142A New Delhi PATRIOT in English
31 May 91 p 3

[Text] India and France on Thursday agreed to hold regular discussions at different levels on bilateral cooperation to ensure close consultation between the two countries in the changing international situation, report agencies.

The discussions between the visiting French Foreign Office Secretary General Francois Sheer and Indian Foreign Secretary Muchkund Dubey covered various aspects of bilateral relations, regional issues including South Asia, West Asia, Gulf and South East Asia, an official spokesman said.

The foreign dignitary, who was on a day's visit to Delhi, delivered a message from the French Premier Edith Cresson to Prime Minister Chandra Shekhar reiterating the sense of shock and distress of the French Government over the tragic assassination of Mr. Rajiv Gandhi.

It also conveyed the admiration of the French Government for the strength and vitality of Indian democracy which continued to be a model for the rest of the world.

The spokesman said the meeting also identified several areas of cooperation between India and France for future expansion. The discussions also covered major multi-lateral issues of mutual concern like disarmament and development and the north-south dialogue.

The recent developments in Europe and the Indo-EEC cooperation also figured in the discussion, the spokesman added.

Assam: Congress I Replaces Regional Party

91AS1097C Bangalore DECCAN HERALD in English
22 Jun 91 p 8

[Text] Five and half years after surrendering power to the Asom Gana Parishad [AGP] in the wake of the Assam accord, the Congress(I) has been returned to power in Dispur. Allowing for the sympathy vote, its achievement is

still remarkable since it had protested against the caretaker government's decision to hold Assembly and Lok Sabha elections (although later than in the rest of the country according to the original schedule) in Assam. As one of the major targets of the hit squads of the United Liberation Front of Assam [ULFA], whose unchecked activities under the AGP regime were cited as the main reason for imposing President's rule in the State late last year, it had some cause to suspect that the election process would have an in-built bias against it.

Assam is a badly fragmented State, ethnically, linguistically, and culturally, with the caste Hindu Assamese, the constituency of the AGP (and earlier of the anti-foreigner movement) largely limited to the Brahmaputra valley. But it is precisely in the Brahmaputra valley that the Congress(I) has done well, routing both factions of the AGP. In the Bengali-dominated Barak valley, it is the Bharatiya Janata Party that has swept the board. Either the Hindutva plank has appealed to the electorate or its extension into the plank of nationalism and stability had been seen as a life-belt by a community threatened by the stormy seas of Assamese separatism. In the tribal areas too, the Congress has trailed far behind parties demanding separation from Assam. In Karbi Anglong district the Autonomous State Demand Committee has won the day, and in the areas north of the Brahmaputra valley the votaries of a separate State for plains tribals, the Bodo People's Action Committee and the All-Bodo Students' Union, have shown their strength by ensuring victory for independents supported by them.

The Congress(I)'s success in regaining the Assamese heartland is evidently a measure of popular disenchantment with the regional party that had been swept to power in 1985 with great expectations. The idealism of the student agitators who had wrested the Assam accord from an initially unsympathetic government at the Center vanished soon enough, with factions jockeying for power within the Mahanta government and accusing each other of corruption. The recent split in the party merely formalized a situation in which the radicals of the All-Assam Students' Union and the extremists of ULFA would not have been able to decide which faction should enjoy their support. With its decision not to interfere with the electoral process, probably dictated by a desire to rebuild its forces after the beating they took under Operation Bajrang, ULFA virtually ensured the victory of the Congress(I). Assam's problems remain. The new Congress governments in New Delhi and Dispur are back to square one in having to face them.

Commentary Views 'Congress After Rajiv'

91AS1064C Secunderabad DECCAN CHRONICLE
in English 5 Jun 91 p 8

[Article by Madhu Limaye: "Congress After Rajiv"]

[Text] The escalating violence in the country has claimed its biggest victim. In the cruel assassination of Rajiv Gandhi, the Gandhi-Nehru family, the Congress-I and

the nation have suffered a grievous blow. The Gandhi-Nehru family, famous in freedom's story, has offered the country two martyrs within a decade.

I have said the nation has sustained a great loss. I say this because Rajiv Gandhi was the president of a party whose roots go back to 1885. Its history is very largely the history of both the freedom movement and the foundation of the new State. From Subhas Chandra Bose to Kripalani, from JP and Lohia to Mr. V. P. Singh and Mr. L. K. Advani, several attempts have been made to forge an alternative to the Congress. They have been fruitless or have, at best, won ephemeral success. The Congress-I is still the largest party in the country. There is scarcely a considerable village in our land where there is not a Congressman. The Congress-I is the only truly national party. It is not a confederal party. It has branches in almost all the States and the Union Territories. Even in the Ninth Lok Sabha elections it polled more than 40 percent votes. This was twice the number of votes the undivided Janata Dal (JD), then at the height of its power, secured. The BJP's [Bharatiya Janata Party's] share of the popular vote, despite the spectacular growth, was very much less than one-third of that of the Congress-I.

Although the electoral process has been disrupted by the national tragedy and the majority of the constituencies have yet to go to the poll, still it should be remembered that all the opinion polls, whatever the degree of their believability, have, without exception, put the Congress-I ahead of other parties. All had said that the Congress-I was expected to improve on its 1989 performance. India Today—MARG poll put the Congress-I figure at 233, while the Frontline—MRAS placed the total of the Congress-I and its allies at 224-240 seats. The Week-MODE survey gave the Congress-I a majority, with 277 seats. Sunday magazine poll was even more emphatic about the Congress-I performance. It gave the party a comfortable majority at 310 seats!

On 20 May, polling was held in 202 constituencies in the Tenth Lok Sabha election. But out of these, elections in five constituencies have been countermanded. The polling in the rest of the constituencies has been put off by the Election Commissioner, Mr. T. N. Seshan, to the second and third week of June 1991.

The question is what impact the tragic death of Rajiv Gandhi is likely to have on the next two rounds of voting involving over 330 seats. It is claimed by Mr. K. R. Malkani that in the first round the BJP will win between 85 to 90 seats. This, I am afraid, is a widely exaggerated claim. However, it is likely that the Congress-I would not fare well in the constituencies which went to the poll on 20 May. The BJP and other parties claim that there will not be any sympathy wave and that the Congress would end up a poor third. This, I think, is nonsense. I remember how the opposition people denied strongly even in 1984 that there was a surge of popular feeling in favour of the Congress-I. The results proved that they were out of touch with the voters' mood. The extent and

intensity of the sympathy wave may not be of the same order as in 1984. But the mass electorate cannot remain untouched by the moving sight of a widowed woman and two orphaned children. This is a factor which neither the BJP nor the NF [National Front]-Left alliance can ignore. Add to this the fact that the JD is devoid of resources and would find it difficult to sustain its campaign for 20 more days.

The Congress-I had almost thrown away this advantage by its unwise act. The resolution of the Congress Working Committee requesting Sonia Gandhi to take over the presidency of the Congress-I came as a surprise to all the well-wishers of that party. The BJP was apparently jubilant. They resolved to launch the most determined and vitriolic campaign against Sonia Gandhi's foreign origin and her becoming an Indian citizen as late as 1983. The BJP, especially the section represented by Sadhvi Rithambara, the VHP [Vishwa Hindu Parishad] and Bajrang Dal, had already established a new record in violent and obscene propaganda in the first round of elections. It was now gearing up the machinery for beating its own record in dirty electoral campaigning. The "killer instinct" statement of Mr. Advani was bound to be misunderstood in the context of growing violence. It was, therefore, shocking that a group of Congressmen should have acted in a manner which provided grist to the mill of the BJP's propaganda.

From the early morning of May 22, or rather from the midnight itself, one began to hear voices of enthusiastic, well-meaning but stupid sycophants within the ranks of the Congress-I demanding that Sonia Gandhi be elected president of the party and successor to Rajiv Gandhi. The appeal was not only madness. It also bordered on inhumanity. The family has suffered enough. It should have been allowed to withdraw into the peace of private life so that Rajiv's young children could live their own life. This would not have precluded either of them from taking part in politics in future.

But no, for utterly selfish reasons the Congress-I power politicians decided to use the Gandhi-Nehru name for short-term advantage. However it is Sonia Gandhi's determined "no" that has saved the Congress-I. It now appears to have recovered its balance. The unanimous election of Mr. P. V. Narasimha Rao as president is bound to restore faith in the democratic credentials of the Congress-I. It will reap its benefit in the next round.

The Congress-I has thus silenced its opposition by avoiding charges of dynastic succession. Anyway these charges have increasingly sounded hypocritical. There are of course high-minded men and women who on principle oppose dynastic rule. But can it be said that the Opposition practises what it preaches? Does not their moral indignation over the Congressmen's appeal to Ms. Sonia Gandhi smack of double standards? What merit and experience did Mr. Ajit Singh possess when he

succeeded to the position held by Charan Singh in his party? Did not Mr. Bhairon Singh Shekhawat induct his son-in-law as party secretary? Who does not know that Mr. V. P. Singh himself was a party to the bargain over the leadership of the Janata Dal Parliamentary Party in December 1989 which included Mr. Om Prakash Chautala's succession to the Haryana gaddi?

The principle of family rule has deep roots in the age-old caste system based on birth and the all-pervasive feudal mentality it has fostered. Did not Mr. Devi Lal put it crudely last year when he said: "What is wrong with family succession? Does not a blacksmith's son become a blacksmith, a cobbler's son a cobbler, a bania shopkeeper's son a shopkeeper? Why then should not Chief Minister Devi Lal's son become a Chief Minister?" Devi Lal's crude mind changed Chief Ministership into a hereditary occupation.

It is therefore gratifying that the Congress has opened a new page. The fate of the Congress-I is important because there is no other party or group of parties united in a coalition which can provide an alternative majority. The NF-Left alliance is undoubtedly secular; it stands for national unity. It has put the issue of social justice on the agenda of history. But the NF cannot win a majority even in alliance with the Left. I see a certain nervousness both in the BJP camp as well as the JD-Left alliance. Why should the CPI-M [Communist Party of India-Marxist] give ground for speculation on its possible support to the Congress-I in the post-election situation? Why should Mr. S. R. Bommai talk of realignment of political forces even before the electoral process has been completed? Mr. R. K. Hegde's call to all Congressmen to unite is not only inopportune, but betrays a lack of self-confidence. It cannot raise the morale of the JD workers who have practically no resources.

What about the BJP, it might be asked. I say that I don't think that a non-autonomous party like the BJP—which is subject to the ultimate control of the RSS [Rashtriya Swayamsewak Sangh]-VHP, no matter how strongly Mr. Advani denies this—wedded to a dogmatic concept of Hinduism cannot provide dynamic and effective governance to a country of the over-rich diversity of India. Not only will the minorities rebel against it, but a large majority of Hindus, who perceive the BJP's Hindutva as a cloak for upper-caste domination, will reject it. It cannot preserve the unity of India. Its spell in office in Delhi will accelerate the country's drift into chaos.

Editorial on 'Superficial' Consensus in Congress

91AS1094G Bangalore DECCAN HERALD in English
21 Jun 91 p 8

[Text] On the face of it, the Congress(I) Parliamentary Party's [CPP] "unanimous" choice of Mr. P. V. Narasimha Rao as its leader is welcome. With matters of pressing national concern awaiting to be attended to and a virtual economic crisis on hand, there is not much time to lose. Mr. Rao has few skeletons in his cupboard. A linguist, the one-time Chief Minister of Andhra Pradesh

is also fluent in Hindi, English, Marathi and a few classical languages. He has handled several Central portfolios, particularly that of External Affairs, with success. On considerations of seniority he is the most eligible person for the job. However, despite having enjoyed the confidence of several Prime Ministers, the veteran politician—who is not in the best of health—can never be mistaken for a grass-roots leader. His base has been sounder among Congress patricians in New Delhi than in his own Andhra Pradesh. In disposition and outlook his Nehruvian antecedents set him apart from his principal rival for the Prime Minister's slot, the Maharashtra Chief Minister, Mr. Sharad Pawar. That the doughty Maratha stepped aside to accommodate his senior colleague, who is known to have bailed him out of trouble in the past, is ostensibly a noble gesture. But several developments have tended to raise doubts about the nature of the consensus. For one thing, many have discerned the hand of the coterie which had tried and failed to install Mrs. Sonia Gandhi as her husband's successor to the organisational leadership in the CPP stakes as well. The disappointed leaders of the Hindi heartland, either ran themselves out of contention with their performances or were neutralised by personal rivalry. Unfortunately for Mr. Pawar, despite his ambivalent public pronouncements, efforts by his supporters to secure him the top berth did not go unnoticed. He might well have backed out sensing the heavier odds against himself. It remains to be seen whether the latest turn of events will lead the Congress(I) out of possible internecine conflict.

Mr. Rao's elevation to the CPP leadership will almost definitely create a vacancy for the organisational post—unless the party refuses to project even a facade of collective leadership. If the Congress(I) has to regain the credibility it has lost over the years for ad hocism in the choice of key functionaries it has to restore inner-party democracy. Healthy competition for choice of leaders at all levels through elections will have to replace superficial harmony hammered out in "consensus" exercises.

Importance of Sunarji Visit to PRC Told

91AS1129A Madras THE HINDU in English
22 May 91 p 6

[Boldface words as published]

[Text] Beijing, 21 May: In a sign of greater cordiality between the defence establishments and strategic planners of India and China, the former Chief of the Army Staff, Gen. K. Sundarji, is now on a two-week long visit to several Chinese cities, his programme including dialogues with Chinese strategic think-tanks.

Significance is attached to Gen. Sundarji's visit as it was during his term as the Chief of the Army Staff that India and China traded charges over incursions into the Sumdorong Chu valley in the eastern sector.

The Chinese invitation, which was said to have been pending since 1989, is therefore seen as indicating a measure of admiration for his part in that episode.

Gen. Xu Xin, a Vice-Chief of Staff of the Chinese People's Liberation Army and Chairman of the Beijing Institute of International Strategic Studies (BISS) hosted a dinner for him.

Gen. Sundarji also held academic discussions with the BISS Deputy Chairman, Mr. Chai Chengwen and high ranking research associates of the National Defence University.

When contacted, Gen. Sundarji was unwilling to disclose details of his talks since, he said, a part of his visit was being paid for by a Madras-based newspaper group. A spokesman of the BISS said the talks were "supposed to be off the record."

However, the subject of his talks which began on 15 May is reported to be the emerging new order and how China and India fit into it. The two sides discussed the history of Sino-Indian relations and higher strategic concerns of the Nineties and beyond.

India's concerns: Gen. Sundarji was reported to have enunciated India's concerns in the region and the Chinese side set out its position on relations with neighbouring countries. The atmosphere of the discussions was said to be "exceedingly good," with the Chinese side calling for more such visits.

Last year, a high-level delegation of the National Defence College as well as another of the Institute for Defence Studies and Analyses from India visited China. Gen. Sundarji was here in his personal capacity but was met by the Indian Ambassador, Mr. C.V. Ranganathan, and the military attache, Col. Prabh Singh.

He left on Sunday for visits to Xian, Nanjing, Shanghai, Suzhou and Guangzhou and is scheduled to leave China on 31 May.

Ghisingh Renewed Call for Gorkhaland Analyzed

91AS1121A Calcutta THE STATESMAN in English
1 Jun 91 p 1

[Text] The West Bengal government is concerned over Mr. Subash Ghisingh's renewed call for a separate State of Gorkhaland. Senior State Government officials claim that Mr. Ghisingh had to take resort to a populist method to maintain his slipping hold over the GNLF [Gurkha National Liberation Front]. "It's an effort by him to give a fresh coat of paint to his image as liberator of Darjeeling hill areas people," comments a senior official.

The official sources claim that since the Darjeeling Gorkha Hill Council (DGHC) accord was signed in 1988 with much fanfare, Mr. Ghisingh has maintained an equivocating stand on the issue of Gorkhaland. Mr. Ghisingh's idea, in their estimate, was to keep an ace up his sleeve, which could be manipulated to refurbish his image.

The sources point out that there are many allegations of rampant corruption and waste of funds against the DGHC and Mr. Ghisingh. Despite several requests by the State Government to Mr. Ghisingh, the DGHC Chairman, made no real efforts to dispel these allegations against him and the council. On the contrary, he maintained a VVIP [very very important person] status, surrounded by his own coterie and by the armed BSF [Border Security Force] guards.

In the process, he isolated himself further from the people and the other leaders of the GNLF. Most of his once-trusted lieutenants, who remained with him during the agitation, have left him one by one, frustrated by his style of functioning and that of the council. At the same time, he became alienated from the people and the youth, who once adored him were disillusioned by the fact that the council had failed to bring about any significant improvement in Darjeeling hill areas, despite liberal financial assistance by the Centre and the State government. "Instead of taking up schemes to repair the roads or to remove the chronic water scarcity in the hill areas, Mr. Ghisingh always talked of grand schemes like the building of an airstrip and a chain of five-star hotels for the benefit of foreign tourists." "These schemes are all right on paper but the priorities should have been on the improvement of basic needs of the people and civic amenities," the sources say.

Not unnaturally with so much money being pumped into the Darjeeling hill areas, the council has become a hotbed of corruption, the sources complain. But whenever the State Government made any queries about the misuse of funds, Mr. Ghisingh always maintained a studied silence and threatened to launch a second spell of agitation, thus browbeating the State Government into maintaining a passive attitude in regard to the council's affairs.

As his trusted aides started deserting him, Mr. Ghisingh gradually lost control over the GNLF and also over the common people, the sources say. Rumbles of protest and discontent were evident among party members and the people. The former aides of Mr. Ghisingh have formed a number of mini power blocs within the party, thus eroding further the stranglehold of Mr. Ghisingh over the GNLF.

It is not unnatural therefore, the sources argue, that Mr. Ghisingh, finding his grip loosening, started giving hints about his wish to have a separate Gorkhaland on the eve of the parliamentary and Assembly elections. The move, it is explained, was only to bring himself back into prominence and recoup the lost ground among the people, more so when he continued to prefer a rank outsider as the GNLF candidate for Darjeeling Lok Sabha seat for the second consecutive time. "His choice of an outsider for the parliamentary seat came in for loud criticism by almost everyone in the hill areas and he only tried to sidestep the issue by indicating his wish to have a separate Gorkhaland," the sources say.

He has officially renewed his call for a separate Gorkhaland after Rajiv Gandhi's assassination only because with this death, his major link with the Centre has been cut off. "The timing is important and calls for special attention. In one simple move, he tried to achieve three objects—give a boost to his sagging image as the liberator of the common people, to retain his control over the party and the mass and to establish fresh links in the corridors of power in the Centre," the sources explain.

A GNLF supporter was killed in a clash with CPI(M) [Communist Party of India-Marxist] activists at Talevar in the Darjeeling Sadar thana area on Friday.

President's Rule Approved for Haryana

91AS1140A Madras *THE HINDU* in English
5 Jun 91 p 1

[Text] New Delhi, 4 June: The Rajya Sabha today approved the proclamation of 6 April imposing President's rule in Haryana after the Congress(I) member, Mr. S.S. Ahluwalia, withdrew his motion urging the President, Mr. R. Venkataraman, to revoke it.

The motion for approving the proclamation was moved by the Union Minister of State for Home, Mr. Subodh Kant Sahay, and passed by voice vote without any discussion as agreed by all parties.

While moving the resolution, Mr. Sahay said the proclamation was issued as the Chautala Government was reduced to a minority within days of being sworn in, following the disqualification of three members of the Assembly under the anti-defection law by the Speaker.

On 27 March the Governor asked Mr. Om Prakash Chautala to face the Assembly and prove his majority. As Mr. Chautala failed to do this, the Governor recommended imposition of President's rule. Under the Constitution any ordinance with regard to promulgation of President's rule has to be approved within two months by either House of Parliament.

This short session of the Rajya Sabha had been specially called, for completing this formality as elections for the Lok Sabha and State Assembly could not be completed in view of the assassination of Rajiv Gandhi and the two month period would have expired on 6 June.

Commotion: However there was some commotion in the House when one of the members rose and spoke on the issue after Mr. Ahluwalia had spoken on his motion prior to withdrawing it formally. Some others were also on their feet to object to this. The Chair trying to restore order said it did not intend to curtail the members' right to speak and would give every one a chance.

CPI-M Politburo, Leader Protest IMF Loan

91AS1204A Calcutta *THE STATESMAN* in English
27 Jun 91 p 7

[Text] New Delhi, 26 June: The Politburo of the CPI(M) [Communist Party of India(Marxist)] has expressed deep concern over the report that the Centre has approached the International Monetary Fund for a loan between \$5 billion and \$7 billion under the extended financing facility.

This latest request goes much beyond the proposal for a second upper tranche under the standby Credit Scheme, which was earlier being negotiated, and will be available only by accepting stringent conditionalities which will worsen the economic conditions and push India into an inexorable debt-trap, the Politburo said in a statement today.

It noted that the Finance Minister, Mr. Manmohan Singh has already indicated the Government's readiness to implement the IMF conditionalities, including modifications in the FERA [Foreign Exchange Regulation Act] and opening doors to more foreign capital. One of the major conditions of the IMF will be elimination of subsidies, particularly in food.

Taking a loan under the extended financing facility would mean an end to food subsidies and consequent dismantling of the public distribution system—a step which will strike a lethal blow at the country's poverty-stricken sections. This will go against the pronouncements of the Prime Minister that the Government intends to strengthen the public distribution system, the Politburo maintained.

The CPI(M) demanded that the scope and terms of the negotiations with the IMF be made public. It is essential that the new Government which does not command a majority in the House should place the letter of intent to the IMF and all other related documents before Parliament. No such vital decision affecting the independence of our economy and future economic direction should be taken without taking parliament into confidence, the statement added.

Mr. Murl Manohar Joshi, BJP [Bharatiya Janata Party] president, today opposed the Government's move for an IMF loan as it could be no panacea for the economic crisis. At a Press conference, he demanded a white paper on the economy saying what efforts were made to tide over the crisis.

"There is no will to take this country out of the crisis. The IMF loan can be no panacea. They want to take new loans to repay old loans and interest. This is a vicious circle—India's economic independence is in danger."

"The IMF wants to curtail India's Defence expenditure. Will India or the IMF decide what weapons India will make? The U.S. move to curtail our nuclear capability is also a serious matter." He feared that India was becoming a "free country" with a slave Government.

He wanted the Government to take all Opposition parties and nation as a whole into confidence rather than mortgage our future for all times. We are the third most indebted country in the world. "Loan is one thing but the key issue is humiliation."

He said that foreign exchange leakage should be stopped, but there is no will in the Government. Rs.[rupees]30,000 to 40,000 crores in foreign exchange has gone out of India and recycled back to India in loans. The Government appears to be mortgaging India's economy.

Mr. Joshi wanted loss-making units to be converted into joint sector unit, managed by experts. Even if 10 percent equity is invited from the public, Rs. 7,600 crores could be raised on an investment of Rs. 76,000. The question is not just privatization but accountability. First there must be good managers.

"Privatization should not be selling Government assets on the cheap. Not more than 5 percent of a unit's shares should be sold to one business house." Public sector incurs a loss of Rs. 8,000 to 10,000 crores on an investment of Rs. 76,000 crores. We don't want multinationals to make fast food, beverages and matches. That does not mean economic development or progress.

"India's deficit can be checked provided revenue expenditure is cut by 5 percent on Rs. 75,000 crores spent on establishment salaries. Five percent means Rs. 3,700 crores. It is not a big sacrifice. It calls for proper housekeeping. One percent increase in savings would mean Rs. 5,000 crores on the gross domestic product of Rs. 500,000 crores. This poor country tends to save a lot. Saving will bring down prices."

Mr. Joshi said that the prices of 10 commodities were to be brought down by 10 percent in the next 100 days. The Finance Minister said the Congress party did not take economic realities into account in its manifesto. "So within 10 days of taking over at the Centre, the Government has already gone back on the manifesto. If this is so, should we take other promises in the manifesto seriously?"

The first Leftist attack on the new Government came today from the Centre of Indian Trade Unions. It denounced the statement by the Finance Minister, Dr. Manmohan Singh, at his first Press conference, especially about an IMF loan.

"Coming in the wake of the Prime Minister's statement, it is brazenly subservient to monopoly and multinational corporations."

The pro-monopolist and pro-multinational economic policy pursued by the Congress for the last 40 years of its rule "is responsible for landing the country into the present economic mess. The same policy which the minority Government is now going to follow more aggressively is being openly trumpeted as panacea," the CIT said.

It added: "It is reprehensible that on the question of IMF loan, which even according to the Minister required countrywide debate, the Government has already sent the letter spelling out India's requirement only after consultations among the Prime Minister, Finance Minister and top officials in the Finance Ministry even before initiating the debate."

Gandhi Assassination Viewed by CPI-M Member

91AS1138A Calcutta THE TELEGRAPH in English
6 Jun 91 p 6

[Speech by Samar Mukherjee; quotation marks as published]

[Text] This is the text of the speech delivered by CPM [Communist Party of India-Marxist] politburo member and MP [Member of Parliament], Mr. Samar Mukherjee, in the Rajya Sabha on 3 June. Paying tribute to Rajiv Gandhi, he stresses that we can pay 'real homage' to the former Prime Minister only if we fight the forces which are responsible for the assassination—the forces which are interested in the destabilisation and disintegration of the country.

My party and myself fully share the shock and anguish expressed by the entire country and this House. The way the tragedy has come to us, it should not be looked at as an isolated event. It has a background and it has also some future. That is why great lessons are to be drawn so that the whole country can face the attack, the offensive, of the forces which are working behind this tragic action. If we miss this simply by paying homage and expressing shock and anguish, it will not lead us to the objective for which Rajiv Gandhi was fighting and for which we all are now fighting.

We think it is an attack not only on Rajiv Gandhi as a person, but on the very unity and integrity of our country: it is an attack on secularism and it is an attack on democracy. And the person who is responsible for this tragedy is not individually a criminal, but acting as an instrument of those forces which are very much interested in the destabilisation and disintegration of our country.

There are ramifications not only in our country but also in foreign countries, and foreign imperialism is also interested in utilising these forces. This tragedy has come in a background when the forces of disintegration are trying to create chaos in the country and, above that, communal forces, fundamentalist forces are raising their heads in a big way and daily murders of innocent people are taking place in Punjab, Jammu and Kashmir, Assam and in other parts of the country. Against such a background, this tragedy has taken place. If we do not draw serious lessons out of it, simple homage to the memory of this great man, Rajiv Gandhi, who raised himself not only to the stature of a national leader but also an international one, will remain purely formal.

Personally, I had some occasion to discuss with him both international and national issues informally. I knew that he had some dreams. He had some ideas. No doubt we differed on some issues, but we agreed on many points too. Whenever he took a bold initiative to solve the nation's problems, we extended our full support to him. In the case of the Rajiv-Longowal Accord, we extended our full support to him. In the case of the Indo-Sri Lanka Accord, we extended our full support to him. When he visited China, we again extended our full support to him. Before he visited China, he called me personally and told me about what he was to discuss there. I told him, "Our full support is behind you. Go ahead." He assured me that the border dispute would be settled in the course of time. Then, after coming back, he called me. I had a long discussion with him. With the help of a diagram, he explained to me what he had discussed with the Chinese government. Then he assured me that within a short period the border dispute would be settled and solved.

But the main thing is that now our country is passing through a severe crisis, economically, socially and politically. Our country is now passing through a stage where disruptive, divisive forces are on the offensive. Rajiv Gandhi became a victim of these forces. If we look at this tragedy in this context, no doubt we will feel it to be a great tragedy. After drawing the proper lessons, we have to prepare the whole country to face these challenges. I agree with the spirit of the resolution that our secularism, the question of national unity, the question of democracy, the question of social justice, all these have to be upheld in a big way. For that, rethinking and reconsideration are absolutely essential.

So, in this context, we pay our heartfelt homage to Rajiv Gandhi and expect that at least his sacrifice will bring about a very big positive contribution in fighting the forces of disruption and secession. They are anti-national. They are reactionary and imperialism is fully behind them. This should always be kept in mind because the ramifications are international. Without international ramifications, a tragedy of this type cannot take place. That is quite obvious. The way the blast was organised, the way the arrangements were made suggest this. That is a very serious danger. And if we become conscious of that—"we" means the people of the whole country—then, that will be the real homage to Rajiv Gandhi.

With these words, we convey our heartfelt condolence to the family of Rajiv Gandhi.

Open Letter to Congress-I From CPI-M Leader

91AS1122A Madras *THE HINDU* in English
31 May 91 p 3

[Boldface words as published]

[Text] Thiruvananthapuram, 30 May: In his open letter to the newly-elected Congress(I) president, Mr. P.V. Narasimha Rao, released to the press here on

Wednesday the CPI(M) [Communist Party of India-Marxist] General Secretary, Mr. E.M.S. Namboodiripad, has expressed the desire that Mr. Narasimha Rao should make a positive contribution to restoration of inner-party democracy in the party.

Tracing the gradual disappearance of inner-party democracy in the Congress, Mr. Namboodiripad said, "Inner-party democracy continued in the party for a while even after Independence. Purushotham Das Tandon was elected the president despite the wishes of Jawaharlal Nehru but he had to resign. From then onwards it became necessary that the Congress president should be one acceptable to the Prime Minister also. I believe that was the beginning of the end of inner-party democracy in the Congress.

"All the same this inner-party democracy continued for two decades more and election was the method for the choice of the party president, the Prime Minister and other office-bearers. That was how Lal Bahadur Shastri was elected the Prime Minister after the demise of Nehru. Following Shastri's death, Indira Gandhi was chosen the Prime Minister after a fierce contest between her and Mr. Morarji Desai. Even when she was the Prime Minister, there were people in her Cabinet who disagreed with her. It was after a relentless inner-party struggle against this section known as the 'Syndicate Congress' that Indira Gandhi established her sway in the undivided party. Following the split, the Syndicate Congress became emaciated and the Congress under Indira Gandhi's leadership became all-powerful.

'Nominated became leaders': With that inner-party democracy disappeared from the Congress. From the national to the village level, nominated persons became Congress leaders. It is the result of this style for 20 years that the crisis gripped the Congress(I) after the assassination of Rajiv Gandhi. One section wanted to instal Sonia Gandhi in the place of Indira and Rajiv. Within that section itself, one group wanted her to become the president and a Prime Minister subservient to her. The coterie that was around Indira and Rajiv thought it could run things as it wanted. It wanted Sonia Gandhi as a tool in its hands.

"What observers see in your election is the collapse of this plot. Not only that several leaders have issued statements stressing the need for restoring inner-party democracy. I see it as the beginning of a new chapter in the history of India as well as the Congress. I wish that you make a positive contribution to the completion of this process.

"I take this opportunity to call upon you and other Congressmen to do an introspection on the role of the Congress in post-independent India. Though Congress, as the party which led the freedom struggle, was quite strong, the Communist Party was growing as an independent political force while the socialists in the Congress had moved over to the opposition. At the same time, because of the peculiarities of the situation, Hindu

communalism also had begun to take a political form. Regional parties such as the Dravida Prasthanam were also mushrooming.

'Artificial unity established': "If these were what was happening outside the Congress, within that party itself their impact was felt. Even before the death of Mahatma Gandhi, there were two groups in the Congress: the 'Left' and the 'Right' under the leaderships of Prime Minister Nehru and Deputy Prime Minister Patel respectively. Had that process been allowed to go on, probably there would have been a polarisation into Leftist and Rightist within the Congress. Probably other developments such as a party-based on 'Hindutva' or similar manifestations of Islamic-Christian-Sikh religions also might have surfaced. Thus a healthy ideological struggle would have developed but that was prevented and an artificial unity established in the Congress to dominate other parties. It is this line which enabled the emergence of the individualistic leadership of Indira Gandhi and Rajiv Gandhi with the result that when both of them were assassinated the Congress(I) was devoid of a leader.

Certain other facts: "Permit me to remind you that it is your duty to launch a discussion on what should be done to rescue the Congress and the nation from this situation. At the same time, I must point out certain facts which should receive your immediate attention. First, all efforts should be made to bring the assassins of Rajiv Gandhi to book. Reports in the press about the probe into the case are alarming. Suspicion has arisen that some Congress leaders in Tamil Nadu may have had overt or covert links with the assassins. It may be baseless. But it is the desire of all of us that however highly-placed, none who has a role in the crime should be allowed to escape. As the largest political party in the country, the Congress has the greatest responsibility in ensuring this.

"Secondly, following the death of Rajiv Gandhi some of your partymen had been indulging in violence against their political opponents. The houses of Mr. N.T. Rama Rao, chairman of the National Front, and Mr. Ram Vilas Paswan were attacked. Scores of CPI(M) activists and offices in several States including Kerala and Tripura were attacked. But Congressmen have not come forward to condemn this violence. Even if belatedly, the Congress Working Committee should react strongly against this misadventure by Congressmen.

"Thirdly, following the murder of Rajiv Gandhi, Indian politics is at the cross-roads. In this context should not your party's attitude towards the Left be re-examined? Will it do good either to the Congress or the country if your party's current electoral strategy, based on hostility towards the CPI(M)-led alliances in Kerala, West Bengal and Tripura and the National Front, is not changed? Should it not be revised even before the 12 June elections?", the CPI(M) leader has asked in conclusion.

CPI Developments Reported

National Council Meets

91AS1200A New Delhi PATRIOT in English
23 Jun 91 p 6

[Text] The Communist Party of India [CPI] has stressed that the National Front-Left [Front—NF-LF] combine should determine its attitude towards the new Government by judging its policies and practices on issue basis.

The CPI has also emphasised that while maintaining its identity, the Left will have a "properly functioning Parliamentary coordination with the NF."

In a resolution, the party's national council, which met on 20 June and 21 June, said inside and outside the Parliamentary arena, the NF-Left combine had to combat and defeat "the disruptive, communal and anti-secular policies and actions of the BJP [Bharatiya Janata Party] and rouse the masses to protect our rich secular heritage and to defend the minorities."

To achieve this end, the combine must rally all the secular and democratic forces, including those in the Congress, the resolution said.

Political instability and the absence of a stable government, it said, were prejudicial to the vital interests of the common people. They only strengthened the capacity of the profiteers and monopolists to further fleece the public and of the big bureaucrats to take arbitrary and reactionary decisions.

This served to create frustration among the people and paves the way for divisive, reactionary forces to raise their heads. Hence, the formation of an elected Government was to be welcomed provided it discharged its democratic responsibilities properly, it said.

People wanted the Government to pursue the traditional anti-imperialist foreign policy of the country, to counter the growing aggressive attacks of imperialism headed by the U.S. against the countries of the Third World and India's policy of economic self-reliance, the resolution said.

This, it added, had become particularly important in view of the intensified threat to the national interests of India and other Third World countries arising out of the post-Gulf war designs of the U.S. to dominate the region militarily and economically. It said the NF-LF had to discharge its responsibility to the people of the country by acting as a responsible democratic opposition, stoutly defending national unity and secular democratic setup, voicing the genuine economic demands of the people (concerning price-rise, unemployment, right to work and education, issues of kisans and agricultural workers, an alternative programme of economic development, etc.), championing the cause of the deprived sections of the society by fighting for social justice and equality and fighting against all forms of atrocities against weaker sections, strengthening the federal polity by restructuring

Centre-State relations on a democratic basis, opposing all anti-people measures and so on.

"Democratic political life of the country has been considerably damaged by frequent defections and desertions of elected representatives and by growing violence and criminalisation in our political life.

This undermines our Parliamentary system. In the process, masses have already become cynical about the behaviour of politicians and elected representatives. We urge the Congress against any such anti-democratic and unethical methods for securing majority," it said.

"The Communist Party of India," the resolution said, "as a part of the Left opposition, will coordinate its activities in and outside Parliament with other Left parties. In the present situation, the CPI appeals to all other Left formations to reorientate their policies and join the Left mainstream."

The resolution called upon all its party units to realise that we have entered a new and difficult phase in Indian politics and they must become more active in championing the interests of the people and the country.

Differences With CPI-M

91AS1200B Madras *INDIAN EXPRESS* in English
20 Jun 91 p 5

[Text] New Delhi, 19 June: The secretary of the National Council of the CPI, Mr. M. Farooqi, has resented the insinuation in Mr. Surjeet's letter sent to him on Monday that the CPI wanted to increase its tally and by deciding to participate in elections in Punjab it was exploiting the situation.

Mr. Farooqi was reacting to the letter sent to him by Mr. Surjeet where he had said that the decision of the CPI would be "construed as a division within the left when it is in the midst of the struggle against the separatist and terrorist forces."

In his letter Mr. Surjeet had alleged that the CPI did not inform the CPM [Communist Party of India-Marxist] of its decision to participate in Punjab elections reversing the earlier decision jointly taken by the left parties.

Mr. Surjeet pointed out that a unilateral decision taken by the CPI would have "serious repercussions on the struggle in which our parties are engaged in defence of National unity and against separatism and terrorism." He recalled serious differences that had arisen when the CPI had taken a stand that elections should be held in Punjab.

Mr. Surjeet had also quoted from the joint communique which was released by the left parties and pointed out how his party's state unit wrote to the Election Commission giving a picture of the law and order situation in the state.

He said it was at the suggestion of Mr. Farooqi that a joint statement by the two parties was issued. He also

quoted from an article by Mr. Satpal Dang, a CPI leader in Punjab expressing apprehensions about fair and free election in Punjab.

"We cannot find fault with any political party desiring to increase its tally in the legislature. But unfortunately, the situation that is sought to be exploited for this purpose is most distressing," Mr. Surjeet said.

Mr. Farooqi, in his reply sent on Wednesday, referred to the allegation that the CPM was not informed and said, "we would like to remove the impression that you have sought to give as if we did not inform you about our opinion to change the decision on participation in Punjab election. Soon after I returned from Chandigarh (where I had gone to attend the extended meeting of the Punjab state council), I spoke to you about the strong feeling of our Punjab comrades for participation in the election as against our joint decision. Also, that our secretariat would like to change the decision. You replied that your party would not agree, but the CPI may do what it liked.

"It is after talking to you that the secretariat announced its decision to the press," Mr. Farooqi said.

Not wanting to enter into a controversy on other points in Mr. Surjeet's "long letter," Mr. Farooqi, however, said "...we resent the insinuation in your letter that your party cannot find fault with any political party desiring to increase its tally in the legislature and that we are exploiting the situation for this purpose."

Developments in CPI-M Reported

Central Committee on Polls

91AS1203A Calcutta *THE TELEGRAPH* in English
25 Jun 91 p 7

[Text] New Delhi, 24 June: In a forthright assessment of the general election results, the CPI(M) [Communist Party of India-Marxist] central committee said the National Front-Janata Dal [NF-JD] performance had not been up to expectations while the results in Kerala were a "disappointment."

While conceding that the BJP [Bharatiya Janata Party] has been a big gainer, it attributed the Congress(I)'s improved performance to the sympathy factor in wake of Rajiv Gandhi's assassination in the midst of the election campaign.

Belying speculation that the CPI(M) was turning "soft" towards the Congress(I), the central committee attacked the party severely. It said, "It is a reflection of the deep crisis engulfing our country that despite the sympathy, the Congress(I) could not win an absolute majority. The naked terror unleashed by the Congress(I) government in Tripura only highlighted the authoritarian character of the party."

It said, "It unashamedly exploited the tragic assassination for narrow partisan electoral benefit in Kerala,

Andhra Pradesh, Tamil Nadu, etc., at a time when the people had to be united to squarely face the challenge posed by those who are out to destabilise our country. These have further exposed the bankrupt Congress(I) policies."

On the Kerala results, the central committee said, "The Congress(I) following its record of compromises with communal forces put together a casteist and communal UDF [United Democratic Front] which aligned with both the BJP and the Muslim League. As compared to the 1989 elections, the BJP vote in the state went down by 1.9 percent, even though it contested more seats. This unprincipled understanding between the BJP and the Congress(I) is exposed by the fact that it is only in Kerala that its vote percentage has dropped while it has gone up in all other states.

On the BJP's overall gains in terms of seats doubling its overall vote percentage and capturing the (Uttar Pradesh) government, the CPI(M) said, "With tremendous unexplained monetary resources at its command, utilising all available methods of propaganda and unleashing a frenzied communal campaign, the BJP managed to secure these victories."

Pointing out that the BJP ground-level campaign spewed venom and hatred against minorities and advocated a Hindu rashtra, it said, "This sharply brings out the danger that the communal forces pose to the very secular foundations of the Indian union. Unless this challenge is unitedly faced by the Left, democratic and secular forces, the very unity and integrity of this multi-religious, multi-ethnic and multi-linguistic country is in grave danger."

While expressing disappointment at the performance of the National Front, it said, "It must, however, be noted that the JD achieved remarkable successes in Bihar routing both Congress(I) and BJP. It was the only force which could put up a fight against the BJP in Uttar Pradesh with the Congress(I) having flopped at the hustings."

Surjeet on CC Meeting

91AS1203B Madras INDIAN EXPRESS in English
25 Jun 91 p 11

[Text] New Delhi, 24 June: The CPM [Communist Party of India-Marxist] may abstain from the House when the Congress(I) government faces the confidence vote in the Lok Sabha. This is the impression which was conveyed here on Monday at a press conference addressed by the politburo member, Mr. Harkishan Singh Surjeet, when he said that there was no question of his party supporting the confidence motion but added, at the same time, that no party wanted fresh elections.

Mr. Surjeet also added that the question was yet to be discussed with the party's other allies, the other left parties and the National Front.

Giving details of the meeting of the central committee [CC] of the party which concluded its two-day session on

Saturday, Mr. Surjeet said that the party had decided to sit in the opposition and continue to function as an independent group inside Parliament, functioning effectively for left coordination and strengthen cooperation with the National Front and the Janata Dal.

He said the CC also decided that the party would continue to sit in the opposition maintaining relations with the National Front. The government could not take the opposition for granted.

Accepting that the country could ill afford another election, the CC said this would depend on the policies of the Congress(I) government. The CC would review the situation from time to time and adopt necessary tactics.

Mr. Surjeet said the government must define its position on various issues facing the country and also measures it proposed to take to solve them. The government must also draw up a priority list for tackling Punjab, Jammu and Kashmir and Ram Janmabhoomi issues.

He said with the BJP [Bharatiya Janata Party] coming to power in UP [Uttar Pradesh], it was for the Central Government to come out clearly that status quo as existed on 15 August 1947, would be maintained and that peace would not be allowed to be disturbed. He said the government must bring in legislation to maintain the status quo.

Referring to the economic crisis facing the country, Mr. Surjeet said the party was opposed to the conditionalities imposed by the International Monetary Fund for providing loan to India to tide over the balance of payment mess. "We do not want the IMF to decide our budget or dictate our economic policies," Mr. Surjeet said.

He said there were various other alternatives and it was for the government to take initiative for discussions with other parties on these alternatives. He did not favour the cutting of subsidies on fertilisers amounting to Rs. 8,000 crores. While favouring a cut in the government expenditure, Mr. Surjeet said there were 20 big business houses which had increased their wealth by 300 percent in the last few years. "Why can't this money be tapped?" he asked. He felt the loan melas were a big waste of money.

The CC, while analysing the election results, observed that the Congress-I with its main slogan of stability could get 54 seats out of 204 which went to polls on 20 May. Following the assassination of Rajiv Gandhi, a sympathy wave was generated for the Congress-I and improved its position remarkably, yet failing to get an absolute majority. This reflected the "deep crisis engulfing the country."

"The naked terror unleashed by the Congress-I government in Tripura only highlighted the authoritarian character of the party. It unashamedly exploited the tragic assassination for narrow partisan electoral benefit in Kerala, Andhra Pradesh, Tamil Nadu, etc. at a time when the people had to be united to squarely face the challenge posed by those who are out to destabilise our

country. These have further exposed the bankrupt Congress-I policies," the CC observed.

It noted that despite dismal performance in the three states where it ran the governments, the BJP had been a gainer in these elections, securing 123 seats and coming second in 128 constituencies, and its overall percentage rose from a little over 11 percent to 20 percent. This brought out the danger the communal forces posed to the secular foundations of the country.

Namboodiripad in GANASHAKTI

91AS1203C New Delhi *PATRIOT* in English
28 Jun 91 p 5

[Text] Calcutta, 27 June (PTI)—The CPI-M [Communist Party of India-Marxist] general secretary, Mr. E.M.S. Namboodiripad, has said that the Congress remains "the biggest representative of the bourgeois-landlord ruling classes—the main enemy of the Indian people."

There are, however, other like the BJP [Bharatiya Janata Party], whose aggressiveness "constitutes a grave threat to the national unity," he said.

The policies of the Congress being what they are, there is no reason to hope that the present Government at the Centre would be able to tackle the serious problems confronting the nation, he said.

Asked what is the attitude of his party towards the new Government at the Centre, Mr. Namboodiripad in an interview to GANASHAKTI, the CPI-M party organ in West Bengal, replied that the "CPI M is and will continue to be in opposition to the new Government."

The CPI-M, he says however, would watch how the Government tackles national problems and adopt a positive attitude where correct policies are adopted.

Asked about the reasons for the sudden growth of the BJP's strength and if it was a temporary phenomenon, Namboodiripad that he did not think that the growth of the BJP was a sudden development.

He said that it was part of the process through which Hindu communalism organised itself in the years of freedom struggle but became stronger after the partition and the developments thereafter.

This and its non-Hindu counterparts he said, would continue to pose a threat to national unity unless the Left, democratic and secular forces combine in a powerful political alliance.

Replying to a question about the future prospect of the National Front-Left combine, the CPI-M general secretary said he hoped that the parties in the combine would introspect and overcome the weaknesses in their policies and organisational practices which would make it possible for them to grow.

Asked if the recent phenomenon of hung parliament be reversed in future, Namboodiripad said that two successive elections had shown that hung Parliament "is inherent in the situation." No party, he said, had the support of the majority of the people in the country.

The CPI-M general secretary said that the difference between 1989 and 1991 polls on the one hand and the earlier elections on the other, was what while earlier a single party could win a majority of seats even on a minority votes, it has now become impossible for any party get a majority of seats. On the same pattern he also said that he did not think the situation would be reversed.

Commenting on the prospect of Left and democratic forces emerging as the only viable alternative, as it was evident that days of the one party was over, Namboodiripad said that the Left and democratic forces were, at the moment, extremely weak in the country. They have to overcome their weaknesses.

Commenting on the results of the parliamentary elections, Namboodiripad said that the results of the just-concluded elections did cause concern. The "Hindu communal outfit had gained though its ambition of becoming the single biggest party had been thwarted. [quotation marks as published]

He said that though the Congress had been denied the privilege of coming out with a clear majority, it had come out as the single largest party. But the popular vote of the party had been reduced, he said adding that, the Left-National Front combine was still a major force.

Commenting on "sympathy wave," he said that it would not be correct to use the term "sympathy wave" in the same way as in 1984. If it had existed, the Congress would have come out with a clear majority in the Lok Sabha, he said.

"It, however, remains a fact that closely following the assassination of Indira Gandhi, her son was murdered, making people conscious of the grave threat to the unity and stability of the country. Had it not been so, the performance of the Congress have been worse," he commented.

Namboodiripad Health Problems

91AS1203D Calcutta *THE TELEGRAPH* in English
28 Jun 91 p 4

[Text] New Delhi, 27 June: The ageing CPI(M) [Communist Party of India-Marxist] general secretary, Mr. E.M.S. Namboodiripad, will not function from the party headquarters in Delhi because of ill-health.

In a statement, the CPI(M) Politburo said, "In view of his continuing ill-health and physical fatigue, Comrade E.M.S. Namboodiripad has been medically advised to restrict his activities and take rest. In view of this, it has been decided that he will stay in Kerala and follow

medical advice till he recovers his health." Mr. Namboodiripad left for Thiruvananthapuram after attending the central committee meeting of the party, the statement added.

Mr. Namboodiripad, who has been ailing for quite some time, continues to remain the party's principal theoretician who has steered the CPI(M) for over 14 years. He was appointed general secretary of the party by the central committee in 1977 after Mr. P. Sunderayya stepped down. Mr. Sunderayya had been the general secretary since the formation of the CPI(M) after the split in the United Communist Party in 1964.

Mr. Namboodiripad's elevation to the post in 1977 was endorsed by the party's 10th congress in Jalandhar in 1978. He has had three consecutive terms since, having been reelected general secretary at the 11th congress in Vijayawada, 12th congress in Calcutta and 13th congress in Trivandrum in December 1988. Earlier, the veteran communist leader who left the Congress Socialist Party (CSP) to become a communist in 1940, served as the general secretary of the united CPI for a brief period after the death of Ajoy Ghosh till a little before the famous 1964 split.

In the last few years, Mr. Namboodiripad formulated the "battle on two fronts" line wherein the Left sought to fight both the Congress(I) and the BJP [Bharatiya Janata Party]. The break between the BJP and National Front last November was followed by the emergence of the National Front-Left combine as a distinct third force in politics.

Well-placed CPI(M) sources said Mr. Namboodiripad would continue to be the party general secretary and there had been no discussion in party forums on the possibility of his stepping down.

Announcement Questioned

91AS1203E Bombay THE TIMES OF INDIA
in English 29 Jun 91 p 7

[Text] Thiruvananthapuram, 28 June: The announcement of the CPM [Communist Party of India-Marxist] politburo yesterday that the party general secretary has been asked to take rest on medical grounds has led to the speculation that there is more to it than what meets the eye.

Though the possibility of Mr. Namboodiripad being genuinely not in a position to undertake active party work cannot be ruled out because of the rheumatic problem he is reportedly having, what is unusual in the politburo coming with a statement on his being asked to take rest. It is pointed out here that though earlier Mr. Harkishan Singh Surjeet, the late B.T. Panadive, Mr. Samar Mukherjee and Mr. Promod Dasgupta had been asked to take rest the politburo had not issued such a statement.

The speculation is the result of some recent utterances and writings of Mr. Namboodiripad which could not have been to the liking of the party. For example, the

open letter to the Congress president, Mr. P.V. Narasimha Rao, just before the second phase of elections asking the Congress to reconsider its stand against the Left parties had not only not been published by the West Bengal unit's organ GANASAKHTI but also the state's chief minister, Mr. Jyoti Basu, had termed it "untimely" and said that it should have been discussed in the party forum first. That Mr. Basu chose to come out against his party chief's letter in Kerala itself was significant.

Mr. Namboodiripad's statement that the founder leaders of the SNDP [expansion not given], the powerful social arm of the backward class Ezhavas, were servile to the then British rulers and monarchs when electioneering was on also proved embarrassing to the Marxists though outwardly they continued to defend him saying that he was being misinterpreted.

For Mr. Namboodiripad, who has been the party's general secretary since 1977, this is not the first time that he has gone on rest on medical grounds. It is pointed out that in 1969 when Mr. Namboodiripad was the chief minister for the second time there were some convulsions in the seven-party ruling front led by the Marxists and he was first admitted to hospital here and later sent to East Germany. Some say that this was perhaps done because the party might have felt that his being away from the scene could help sort out the crisis. That the crisis snowballed and resulted in the fall of the second Namboodiripad ministry is another matter.

The politburo announcement comes at a time when Mr. Namboodiripad had actively campaigned for the party during the recent Lok Sabha and assembly polls. He had also campaigned during the district council elections in January and the party had done well.

But the defeat of the LDF [Left Democratic Front] in the assembly polls and its poor showing in the Lok Sabha elections might have resulted in weakening his position in the party further. It is significant that immediately after the district council poll, Mr. Namboodiripad was publicly criticised by the state secretary, Mr. V.S. Achuthanandan, for his stand that a Tamil Nadu-model understanding with the Indian Union Muslim League, which had then parted company with the Congress, could be possible. Later, he had said that he stood corrected by the party.

In any case it is quite unlikely that Mr. Namboodiripad will continue as general secretary after the 14th party congress in Madras in January next.

Papers Report on Developments in BJP

National Executive Meets

91AS1189A New Delhi PATRIOT in English
21 Jun 91 p 6

[Text] The Bharatiya Janata Party [BJP] on Thursday demanded that the new government should immediately

present a white paper on the state of the economy to the country to enable a discussion on long-term measures for restoration of the health of economy.

Addressing party's two-day national executive meeting in the Capital, BJP President M.M. Joshi stressed that the state of economy required an urgent attention. The BJP in its manifesto, had promised to bring out a white paper on the economy if it was voted to power.

The BJP president said that the national executive would also be addressing itself to the urgent task of making the party a powerful instrument of national reconstruction. It would make a deep study for the measures to be urgently undertaken so that its mass support was reflected in its legislative representation all over the country.

The main agenda of the executive meeting today was to discuss the reports submitted by the State units on the performance of the party in the Lok Sabha elections. It took up for discussions over the reports of BJP ruled States of MP [Madhya Pradesh], Rajasthan and Himachal Pradesh.

Dr. Joshi said that as a new government was also taking rein of power in Nepal, his party extended all its "cooperation and support" to its efforts to make Nepal a prosperous country and strengthen Indo-Nepal relations.

Nepal was particularly mentioned in Dr. Joshi's speech as it was the only Hindu country and secondly during the struggle of democracy in Nepal, the Bharatiya Janata Party maintained an eerie silence on the entire issue.

While the Congress, the Left parties and senior Janata Dal leader Chandra Shekhar sent a delegation to the historic convention of the Nepali Congress in Kathmandu to demand the restoration of democracy. The BJP did not even express a word of sympathy, observers said.

India and Nepal have very close cultural, emotional, social and religious links for several centuries, Dr. Joshi said, adding the economic ties between the two countries had to be further strengthened by "realistic and practical" steps from both sides.

Referring to Centre-State relations, Dr. Joshi said the issue had assumed new dimensions now and stressed that the federal polity of the country needed to be strengthened. He said this was important in the history of independent India that the Centre and Uttar Pradesh [UP] would be governed by different parties while the BJP would be controlling four states and the Congress stood "decimated" in Northern India.

Dr. Joshi said in the present circumstances, the BJP stood for national rejuvenation based on India's cultural identity, discarding the pseudo secularism and instilling a deep sense of nationalism for preserving national unity and integrity as well as social and communal harmony.

The most important feature of the present elections were that the BJP on its own strength had been voted to become the second largest party in the Lok Sabha and a chance to govern the most populous State. BJP had completely routed the Congress and Janata Dal combine the Gujarat, Dr. Joshi pointed out. He said it was indeed heartening that the BJP as compared to the 1989 Lok Sabha polls had not only more than doubled its vote percentage but also had established itself a "real alternative" in the country.

Advani Parliamentary Leader

91AS1189B Madras *INDIAN EXPRESS* in English
22 Jun 91 p 8

[Text] New Delhi, 21 June—Mr. Lal Krishna Advani was on Thursday unanimously elected leader of the BJP [Bharatiya Janata Party] parliamentary party after Mr. Atal Behari Vajpayee reportedly declined the offer on "health grounds."

Mr. Laxmi Narain Pandey, the BJP MP [Member of Parliament] from Madhya Pradesh, proposed Mr. Advani's name which was seconded by Mr. Madan Lal Khurana, the strong man of Delhi BJP who has won from the prestigious South Delhi seat.

Mr. Advani will not be Leader of Opposition in the Lok Sabha with the status of a Cabinet Minister. In the ninth Lok Sabha also Mr. Advani was the Leader of Opposition after the fall of the V.P. Singh government.

Sixty-four-year-old Mr. Advani is known for his abilities as a seasoned and experienced parliamentarian and modest life style. Even when he became a minister in the Janata government in late seventies, he chose to continue living in his Panadara Park flat and did not move to a bigger bungalow.

Sources said the party's parliamentary board had approved Mr. Vajpayee's name as leader of the parliamentary party.

The party chief, Mr. Murli Manohar Joshi, would go to Lucknow as observer to the election of the leader of BJP legislature party in UP.

Meanwhile, the two-day meeting of the BJP national executive concluded here on Friday.

Briefing newsmen, the BJP vice president, Mr. S. S. Bhandari said that next meeting of the national executive would be held in Thiruvananthapuram in September.

Mr. Bhandari said the BJP would launch a national awakening fortnight beginning 1 July covering about 3,000 assembly segments of 480 parliamentary constituencies from where the BJP has fielded candidates this time.

He said the programme was planned mainly to rededicate the party workers to ensure national security, economic uplift and social harmony. The national leaders would also participate in this programme.

The national executive had decided to postpone for some time the proposed march to Srinagar on 23 June to hoist the national flag at Lal Chowk. The new date would be decided later.

Mr. Bhanadri said the proposed dates for march to Srinagar were the Independence Day (15 August) and 30 October, the birth anniversary of late Sardar Patel, and the national executive would take a final decision in this regard.

The meeting also decided to hold study camps in all states to make the new entrants familiar with the working of the party. This drill would be completed before the September meeting of the national executive. The party would also launch a drive to mobilise association of youth, women and backward classes, Mr. Bhanadri said.

Tamil Nadu: Adversities Facing AIADMK Outlined

91AS1094F Bangalore DECCAN HERALD in English
19 Jun 91 p 8

[Text] The dimensions of the All India Anna Dravida Munnetra Kazhagam-Congress(I) [AIADMK] sweep of both the parliamentary and Assembly elections in Tamil Nadu must have astounded even the combine's supporters. The impact of Rajiv Gandhi's assassination in Sriperumbudur has nowhere been as pronounced as in Tamil Nadu which went to the hustings after the former Prime Minister's death. The sense of retribution among the people of the State has been so severe that the combine will fill up both the Treasury and Opposition benches in the State Assembly. The Congress(I) will, however, stay outside the government in keeping with a pre-poll electoral understanding in which Rajiv Gandhi had played a key role. The AIADMK's contributions to the formation of a government at the Centre can be significant. The near-complete eclipse of the Dravida Munnetra Kazhagam [DMK] and its allies, particularly from the Assembly, might disappoint those who felt that the Karunanidhi Ministry was dismissed arbitrarily. How the AIADMK leader, Ms. Jayalalitha, will steward the State will be avidly followed. A curious situation can arise in the event of an understanding at the national level between the Congress(I) and the National Front, of which the DMK is a constituent.

Within the State, Ms. Jayalalitha will have to exercise restraint not to be carried away by the complete lack of legislative checks on her authority. Her own reactions to the Sri Lankan Tamil question have thus far been temperate and in tune with the popular mood. She has drawn a clear distinction between refugees—whom she has promised all possible help—and militants, whom she has threatened to deport. Her thinking is wholly in line with that of the Congress(I) but might create problems in

future if it leads to indifference about Tamil Nadu's priorities which might not be identical with those of New Delhi in other areas. Neither the Sri Lankan Tamil problem nor those of the State are simple ones and only time will tell whether Ms. Jayalalitha will develop the political maturity that is required to tackle them.

Neighbouring Pondicherry, which has often reflected the change of guard both at New Delhi and Madras, has followed suit this time by returning the Congress(I)-AIADMK combine almost as impressively as Tamil Nadu, with the difference that in the Union Territory the seniority of the partners is reversed. For a State which has witnessed wide vicissitudes of political fortune because of persistent defections, the return of a stable ministry portends relatively peaceful times ahead.

Jayalalitha Vows To Implement Manifesto

91AS1094B Bangalore DECCAN HERALD in English
18 Jun 91 p 7

[Text] Madras, 17 Jun (PTI & UNI)—The AIADMK [All Indian Anna Dravida Munnetra Kazhagam] General Secretary, Miss Jayalalitha, today vowed to implement the various schemes mentioned in the party's election manifesto without wasting time and avoiding delay.

In a statement here, she said the victory of the AIADMK-Congress(I) combine in Tamil Nadu marked the "new dawn and disappearance of darkness."

The electorate had reposed faith and confidence in the party's assurance that it would implement various schemes, she said, adding that they would be implemented within the prescribed time-frame so that they would benefit the people.

Miss Jayalalitha said some "self-centred persons" had spread rumours creating suspicion among the people about the possibility of holding elections in the State. But such persons were forced to remain restrained after the clear verdict of the people, she said.

Charismatic Leader

From the arc lights of the celluloid world to the Chief Minister's chair at Fort St. George speaks of the saga of the charismatic Miss Jayalalitha Jayaram who almost single-handedly led her party to its sweeping election victory.

Introduced into politics by her mentor M.G. Ramachandran [MGR] with whom she had acted in over 20 films, 43-year-old Miss Jayalalitha became a primary member of the AIADMK in 1982 and was soon elevated to the post of Propaganda Secretary.

Her personal charm as a crowd-puller became evident when she was asked to canvass for the party candidate in

the Tiruchendur Assembly by-election and she secured an astounding victory for the candidate against heavy odds.

In 1984, she was elected to the Rajya Sabha and she retained the seat until she entered the Tamil Nadu Assembly in 1989.

When Mr. Ramachandran was undergoing medical treatment in the United States in 1984, she shouldered the entire burden of campaigning for the AIADMK-Congress(I) alliance and steered it to a massive victory in the general election to the Lok Sabha and the State Assembly.

Following MGR's death and the split in the party, her faction emerged as the largest single Opposition group in the State Assembly and she became the recognised Opposition leader—the first woman to get that status in the State.

After the two factions then reunited in February 1989, she was unanimously elected General Secretary.

In the subsequent three Assembly by-elections, she secured victories for the AIADMK.

Paper Reports SJP Resignations

91AS1193A Calcutta *THE TELEGRAPH* in English
21 Jun 91 p 1

[Text] New Delhi, 20 June (PTI): Mr. Om Prakash Chautala, general secretary of the SJP [Samajwadi Janata Party], today resigned from the party post owning responsibility for the party's debacle in the Lok Sabha and in the Haryana elections.

Mr. Chautala, a former chief minister, also resigned as president of the Haryana SJP. This was stated by the SJP president, Mr. Devi Lal, who said the resignation of Mr. Chautala would be considered at a meeting of the executive of the party. The president of the Maharashtra unit of the party, Mr. P.K. Anna Patil, has also resigned from the party post.

Muslim Vote in National Elections Analyzed

91AS1194A Bombay *THE TIMES OF INDIA*
in English 21 Jun 91 p 3

[Article by Askari H. Zaidi]

[Text] New Delhi, 20 June: In keeping with the past practice, the Muslims voted differently in different areas. The "tactical" voting which was expected in favour of any candidate capable of defeating the BJP [Bharatiya Janata Party] was resorted to but not universally. Thus, some of the Muslim dominated constituencies were also lost to the BJP because of a split of votes.

While in the capital, UP [Uttar Pradesh], Bihar, West Bengal and parts of Andhra Pradesh the National Front and the Left Front combine got the bulk of the Muslim votes, in the rest of the southern states, Madhya Pradesh,

Rajasthan, Gujarat, Assam, Haryana and most parts of Maharashtra, the Congress and its allies were the beneficiaries of the Muslim support.

The Samajwadi Janata Party (SJP) which was expected to get substantial Muslim support because of the firm stand taken by Mr. Mulayam Singh Yadav, on the Ayodhya issue could not do so barring some constituencies in UP and Haryana.

The Muslim enchantment for the JD [Janata Dal] was so strong in Delhi that they voted for its candidates even though they did not have a good chance to win. In the prestigious New Delhi constituency, the BJP stalwart, Mr. L.K. Advani, would have been humbled by the Congress candidate, Mr. Rajesh Khanna, had the JD candidate, Ms. Manju Mohan, not secured most of the votes in the Muslim dominated areas like Nizamuddin. Ms. Mohan got a total of 20,439 votes while the margin of Mr. Advani's victory was only 1,526 votes.

Similarly in the Chandni Chowk constituency, the JD candidate, Mr. Kishore Lal, polled a majority of votes in the Muslim-dominated metropolitan segments comprising Matia Mahal, Ballimaran, Qasabpura, and Ajmeri Gate where the victory margin of the BJP candidate have been only 2,774 votes.

In the east Delhi constituency, the Janata Dal's Mr. Ramvir Singh Bidhuri, scored 158,712 votes while the victory margin of the BJP candidate, Mr. B.L. Sharma, was a little over 60,000. In all these constituencies, the sufferer, because of the strong JD presence, was the Congress.

A similar split in Muslim votes in some constituencies in UP helped the BJP win. In Rampur, where Muslims are 47 per cent of the electorate, the BJP's Mr. Rajendra Sharma managed to win as the votes were divided among the candidates of the Congress, the JD, and the SJP who all fielded Muslims.

In the Domariaganj constituency, where Muslims constitute about 35 percent votes, the former Congress minister, Mrs. Mohsina Kidwai, lost to the BJP's Mr. Ram Pal Singh as the National Front candidate, Ms. Seema Mustafa, also polled a sizable number of votes.

Yet another constituency where the BJP won because of the split in the Muslim votes is Balrampur. The SJP's Maulana Muzaffar Hussain Kachhachawai, who is also the convenor of the Babri Masjid action committee, came second while the JD candidate, Mr. Fazlul Bari was third.

However, in Bihar there was not much of a split in the Muslim votes and the JD remained the major beneficiary. For instance, the convenor of the Babri Masjid movement action committee, Syed Sahabuddin, won the Kishanganj parliamentary constituency by a margin of over 80,000 votes although there was another strong Muslim candidate, Mr. M.J. Akbar of the Congress.

In the Bettiah constituency the JD candidate, Mr. Faiyazul Azam won the seat by securing 283,073 votes while the Congress contender, Mr. Sagir Ahmad, came third with only 29,454 votes.

The charisma of Mr. V.P. Singh reached the far off constituency of Lakshadweep where Muslims constitute about 94 per cent of the population. The JD candidate, Dr. Mohammad Koya, lost to the Congress candidate, Mr. P.M. Sayeed, by only 281 votes.

In Kerala, the Muslims by and large voted for the United Democratic Front, particularly the Indian [Union] Muslim League [IUMU] and the Congress. The biggest gainer was, however, the IUMU which won a record number of 19 assembly seats, besides the two traditional Lok Sabha seats.

In Assam, where Muslims constitute about 26 percent of the total population, the Muslims rejected the United Muslim Front this time as it could win only a few assembly seats. In the last assembly elections, it had won above 30 seats. This time, the Muslims voted for the Congress in large numbers as it is evident from its tally: six Lok Sabha seats out of the 12 whose results were declared so far, and 65 assembly seats out of the 121 results declared. There are a total of 126 seats in the state assembly.

However, in West Bengal, the Muslims by and large voted for the Left Front as it is evident from the fact that out of the five Muslim MPs [Members of Parliament] from the state, four belong to the Left Front.

In constituencies where both the Congress and the Left Front fielded Muslim candidates, the Left Front contenders came out the winners. For instance, Mr. Zainal Abedeen of the CPM [Communist Party of India-Marxist] won the Jangipore constituency as against Mr. Mannan Hussain of the Congress. Similarly in Katwa, the CPM candidate, Mr. Saifuddin Chaudhary won defeating the Congress contestant, Mr. Nurul Islam by a margin of over 1.5 lakh.

South Indian Candidates Elected to Lok Sabha

91AS1094A Bangalore DECCAN HERALD in English
18 Jun 91 p 6

[Boldface words as published]

[Text] Madras, 17 Jun—The following are details in respect of some candidates who have won Lok Sabha seats.

Madras North: Electorate: 1358695; Votes polled: 749037; Valid: 733279; Invalid: 15758; Contestants: 24.

Details

1. Pandian, D. (INC [Indian National Congress]) 400454 55 pc;

2. Arunachalam Alias Aladi Aruna (DMK [Dravida Munnetra Kazhagam]) 281936 38 pc;

3. Muthukumar Rama (PMK [Pattali Makkal Katchi]) 18856 3 pc;

4. Krishnan, G. (BJP [Bharatiya Janata Party]) 17309 2 pc;

5. Kalidoss, M. (DDP [expansion not given]) 3646 0 pc;

6. Others 11078 2 pc.

Karur: Electorate: 1043464; Votes polled: 704961; Valid: 690318; Invalid: 14643; Contestants: 8.

Details

1. Murugesan, N. (ADK [expansion not given]) 475571 69 pc;

2. Thirunavukkarasu, D. (DMK) 205602 30 pc;

3. Pakkiam, R. (PMK) 4388 1 pc;

4. Subramanian, C.P. (TMM [Thamizhaga Munnetra Munnani]) 1664 0 pc;

5. Muthusamy, Poosari T. (Ind [Independent]) 1327 0 pc;

6. Others 1766 0 pc.

Sivakasi: Electorate 10,76,887; Votes polled: 683164; Valid: 661384; Invalid: 21780; Contestants: 23.

Details

1. Kanga, Govindarajulu R. (ADK) 365155 55 pc;

2. Srinivasan, A. (CPI [Communist Party of India-Marxist]) 202065 31 pc;

3. Thamaraikkani, R. (Ind) 50258 8 pc;

4. Muthupillai, K. (Ind) 18217 3 pc;

5. Ponniah, K. Puyal (PMK) 11208 2 pc;

6. Others 14481 2 pc.

Arakkonam: Electorate 968764; Votes polled: 670706; Valid: 646635; Invalid: 24071; Contestants: 14.

Details

1. Jeevarathinam, R. (INC) 348516 54 pc;

2. Kannaiyan, M. (DMK) 171806 27 pc;

3. Subramaniam, S. (PMK) 98809 15 pc;

4. Eraghavan, D.V.R. (FJP [expansion not given]) 12954 2 pc;

5. Kanthappan, A. (Ind) 2633 zero pc;

6. Others 11917 2 pc.

Tiruppattur: Electorate: 985576; Votes polled: 668915;
Valid: 644841; Invalid: 24074; Contestants: 9.

Details

1. Jayamohan, A. (INC) 387649 60 pc;
2. Alagiri, K.C. (DMK) 197188 31 pc;
3. Chandran, D.P. (PMK) 40289 6 pc;
4. Anandasayanam, V. (BJP) 13097 2 pc;
5. Yuvaraj, G. (Ind) 2009 0 pc;
6. Others 4609 1 pc.

Krishnagiri: Electorate: 954816; Votes polled: 611500;
Valid: 581441; Invalid: 30059; Contestants: 9.

Details

1. Ramamoorthy, K. (INC) 353033 61 pc;
2. Manickam, R. (JD [Janata Dal]) 139919 24 pc;
3. Subramanian, P. (BJP) 49496 9 pc;
4. Raju, R. (PMK) 29511 5 pc;
5. Nandakumar, R. (TMM) 3887 1 pc;
6. Others 5595 1 pc.

Nilgiris: Electorate: 1103713; Votes polled: 686963;
Valid: 659884; Invalid: 27079; Contestants: 18.

Details

1. Prabhu, R. (INC) 387707 59 pc;
2. Doraisamy, S. (DMK) 206905 31 pc;
3. Mathan, M. Master (BJP) 41231 6 pc;
4. Mohamed, Zackaria K.M. (MUL [expansion not given]) 7160 1 pc;
5. Subburasu, N. (Ind) 2619 0 pc;
6. Others 14262 2 pc.

Cuddalore: Electorate: 953560; Votes polled: 650789;
Valid: 616760; Invalid: 34029; Contestants: 10.

Details

1. Kaliya Perumal, P.P. (INC) 360445 58 pc;
2. Bhuvarahan, G. (JD) 152388 25 pc;
3. Chinnadurai, Dr. G. (PMK) 82416 13 pc;
4. Kothandapani, V. (BJP) 10234 2 pc;
5. Liyakath Ali, B. (TMM) 2827 0 pc;
6. Others 8450 1 pc.

Salem: Electorate: 1030128; Votes polled: 629493;
Valid: 605749; Invalid: 23744; Contestants: 18.

Details

1. Kumaramangalam (INC) 406042 67 pc;
2. Arthanarisamy, K.P. (DMK) 123474 20 pc;
3. Arjunan, K. (PMK) 56775 9 pc;
4. Ramanathan, K.S. (BJP) 7867 1 pc;
5. Paramasivam, V.S. (JP) 2675 0 pc;
6. Others 8916 1 pc.

Thanjavur: Electorate: 919274; Votes polled: 644583;
Valid: 623774; Invalid: 20807; Contestants: 10.

Details

1. Thulasiah Vandayar, K. (INC) 381932 61 pc;
2. Palanimanickam, S. (DMK) 219862 35 pc;
3. Shahul Hameed, H. (PMK) 9454 2 pc;
4. Soundararajan, P. (TMM) 3403 1 pc;
5. Lakshmanan, G.S. (Ind) 2799 0 pc;
6. Others 6324 1 pc.

Tindivanam: Electorate: 953935; Votes polled: 647656;
Valid: 617317; Invalid: 20229; Contestants: 3.

Details

1. Ramamurthee, K. (INC) 341971 55 pc;
2. Dayanithi, N. (DMK) 171822 28 pc;
3. Shanmugam, S. (PMK) 103524 17 pc.

Mayiladuturai: Electorate: 902685; Votes polled: 639802; Valid: 618188; Invalid: 21614; Contestants: 9.

Details

1. Mani Shankara Aiyar (INC) 364598 59 pc;
2. Kaliyanam Kuttalam, P. (DMK) 202661 33 pc;
3. Abdul Samad (MUL) 37677 6 pc;
4. Veerapandian Jega (BJP) 5479 1 pc;
5. Manisekar, S. (Ind) 4109 1 pc;
6. Others 3664 1 pc.

Dindigul: Electorate: 1031174; Votes polled: 637182;
Valid: 621479; Invalid: 15703; Contestants: 8.

Details

1. Srinivasan, C. (ADK) 416652 67 pc;
2. Maya Thevar, K. (DMK) 192235 31 pc;

3. Gopal, P. (PMK) 7194 1 pc;
4. Palanisamy, S. (Ind) 2147 0 pc;
5. Seeni, S. (Ind) 1316 0 pc;
6. Others 1935 0 pc.

Kerala

Thiruvananthapuram: Electorate: 10,43,687; Votes polled: 7,21,412; Valid: 7,11,350; Invalid: 10,062; Contestants: 6.

Details

1. Charles (INC) 3,34,272, 46.99 pc;
2. E.J. Vijayamma (CPI) 2,90,602, 40.85 pc;
3. O. Rajagopal (BJP) 80,566, 11.32 pc;
4. Kunnukuzhi S. Mani (Ind) 2,848, 0.40 pc;
5. Rajasekharan (BSP [Bahujan Samaj Party]) 2,003, 0.28 pc;
6. M.S. Velappan (Ind) 1,059, 0.14 pc.

Trichur: Electorate: 9,66,470; Votes polled: 7,06,087; Valid: 6,99,765; Invalid: 6,322; Contestants: 8.

Details

1. P.C. Chacko (INC) 3,42,396, 49 pc;
2. K.P. Rajendran (CPI) 3,13,665, 44.82 pc;
3. E. Raghunadan (BJP) 38,213, 05.46 pc;
4. E.V. Pradeep (Ind) 2,324, 00.33 pc;
5. P. Susheelan (Ind) 782, 00.11 pc;
6. Others 1,885, 00.26 pc.

Ottapalam (SC): Electorate: 9,80,109; Votes polled: 6,85,660; Valid: 6,77,347; Invalid: 8,313; Contestants: 4.

Details

1. K.R. Narayanan (INC) 3,27,043, 48.28 pc;
2. Lenin Rajendran (CPM) 3,11,955, 46.05 pc;
3. M.A. Pushpakaran (BJP) 33,542, 04.95 pc;
4. Ashokan A. Chungath (Ind) 4,807, 00.70 pc.

Idukki: Electorate: 9,97,645; Votes polled: 7,14,105; Valid: 7,06,160; Invalid: 7,945; Contestants: 13.

Details

1. Palai K.M. Mathew (INC) 3,45,139, 48.87 pc;
2. P.J. Joseph (KC) 3,19,933, 45.30 pc;
3. K. Madhusoodanan Nair (BJP) 25,197, 03.56 pc;

4. P. Peethambharan (Ind) 5,009, 00.70 pc;
5. Madhusivadas (BSP) 6,045, 00.85 pc.

Muvattupuzha: Electorate: 9,40,667; Votes polled: 7,19,001; Valid: 7,11,847; Invalid: 7,154; Contestants: 10.

Details

1. P.C. Thomas (KCM [expansion not given]) 3,84,255, 53.97 pc;
2. Prof. P.I. Devasya (CPM) 2,86,152, 40.19 pc;
3. N. Ajit (BJP) 26,783, 03.76 pc;
4. Joseph Cherian (Ind) 4,508, 00.63 pc;
5. Haji Moideen Shah (BSP) 3,685, 00.51 pc;
6. Others 4,464, 00.62 pc.

Alleppey: Electorate: 9,38,872; Votes polled: 7,41,369; Valid: 7,35,519; Invalid: 5,850; Contestants: 7.

Details

1. T.J. Anjelos (CPM) 3,64,794, 49.59 pc;
2. Vakkom Purushothaman (Inc) 3,50,719, 47.68 pc;
3. V.S. Vijaya Kumar (BJP) 15,973, 02.17 pc;
4. V. Venugopal (Ind) 2,170, 00.29 pc;
5. Mohammed Abdul Khader (Ind) 691, 00.02 pc;
6. Others (Oth) 1,172, 00.15 pc.

Chirayinkil: Electorate: 9,99,120; Votes polled: 6,99,598; Valid: 6,92,666; Invalid: 6,932; Contestants: 9.

Details

1. Susheela Gopalan (CPM) 3,31,518, 47.86 pc;
2. T. Basheer (INC) 3,30,412, 47.70 pc;
3. K.K.R. Kumar (BJP) 20,159, 02.91 pc;
4. G. Gangadharan Pillai (Ind) 2,992, 0.43 pc;
5. S. Kunjiraman Assary (Ind) 2,255, 0.32 pc;
6. Others 5,330, 0.76 pc.

Manjeri: Electorate: 10,53,582; Votes polled: 7,42,123; Valid: 7,31,543; Invalid: 10,580; Contestants: 10.

Details

1. E. Ahmed (MUL) 3,75,456, 51.32 pc;
2. Prof. V. Venugopal (CPM) 28,6,133, 39.11 pc;
3. Ahalya Shankar (BJP) 51,634, 7.05 pc;
4. P.K. Janardhanan (Ind) 5,902, 0.80 pc;

5. E.T. Syed Ali (Ind) 3,295, 0.45 pc;

6. Others 9,123, 1.24 pc.

Ernakulam: Electorate: 10,13,540; Votes polled: 7,40,854; Valid: 7,31,147; Invalid: 9,707; Contestants: 16.

Details

1. Prof. K.V. Thomas (INC) 3,62,978; 49.64 pc;

2. V. Viswanatha Menon (CPM) 3,31,583, 45.35 pc;

3. V.A. Rehman (BJP) 30,082, 04.71 pc;

4. Rajasekharan Nair (Ind) 6,575, 0.89 pc;

5. Johnson Kottoor (Ind) 4,691, 0.64 pc;

6. Valath Salim (Ind) 3,581, 0.48 pc;

7. Others 11,826, 01.61 pc.

Ponnani: Electorate: 10,11,262; Votes polled: 6,49,480; Valid: 6,40,070; Invalid: 9,410; Contestants: 8.

Details

1. Ebrahim Sulaiman Sait (MUL [Muslim United League?]) 3,39,766, 53.08 pc;

2. K. Hamzhakunju (CPI) 2,44,060, 38.13 pc;

3. Janachandran Master (BJP) 45,388, 7.09 pc;

4. V.P. Radhakrishnan (INI [expansion not given]) 5,711, 0.89 pc;

5. Sreedharan (Ind) 2,038, 0.31 pc;

6. Others 3,107, 0.48 pc.

Badagara: Electorate: 10,28,689; Votes polled: 7,94,000; Valid: 7,87,188; Invalid: 6,812; Contestants: 9.

Details

1. K.P. Unnikrishnan (Cong-S) 3,93,125, 49.94 pc;

2. M. Ratna Singh (Ind) 3,76,182, 47.78 pc;

3. P. Unnikrishnan (Ind) 8,543, 1.08 pc;

4. S.K. Madhavan (SJP [Samajwadi Janata Party]) 4,173, 0.53 pc;

5. B.M. Sastry (Ind) 1,651, 0.20 pc;

6. Others 3,514, 0.44 pc.

Cannanori: Electorate: 9,67,495; Votes polled: 7,49,811; Valid: 7,44,778; Invalid: 5,033; Contestants: 10

Details

1. Mullapally Ramachandran (INC) 3,76,696, 50.58 pc;

2. E. Ibrahimkutty (CPM) 3,35,569, 45.05 pc;

3. M.K. Saseendran (BJP) 25,720, 03.45 pc;

4. P.K. Narayanan (Ind) 2,098, 00.27 pc;

5. M.V. Purushothaman (Ind) 1,215, 00.16 pc;

6. Others 3,480, 00.46 pc.

Calicut: Electorate: 10,13,246; Votes polled: 7,54,114; Valid: 7,47,159; Invalid: 6,955; Contestants: 12.

Details

1. K. Muralidharan (INC) 3,55,113, 47.52 pc;

2. M.P. Veerendrakumar (JD) 3,39,229, 45.40 pc;

3. U. Dattatreya Rao (BJP) 73,661, 09.85 pc;

4. Noor Mohammed (Ind) 3,097, 00.41 pc;

5. P.T. Vijayan (BSP) 1,026, 00.13 pc.

Andhra Pradesh

Nellore: Mrs. K. Padmasree (Cong-I) beat Dr. M. Nagabhushanamma (TDP) by 44,855 votes; leader votes 2,60,626.

Vijayawada: Electorate: 11,04,403; Votes polled: 6,82,220; Valid: 6,68,647; Invalid: 13,573; Contestants: 18.

Details: V. Sobhanadreeswara Rao (TDP [Telugu Desam Party]) 3,26,890 (elected) 47 percent; Mrs. C.H. Vidya (Cong-I) 2,90,669; V. Siva Prasad (BJP) 28,010; J. Ramakrishna (Ind) 11,657; Y.H. Rao (SJP) 1,181; Others 10,240.

Tenali: Electorate: 8,88,033; Votes polled: 5,38,990; Valid: 5,29,738; Invalid: 9,252; Contestants: 9.

Details: U. Venkateswarlu (TDP) 2,52,900 (elected) 47 percent; S. Basavapunnaiiah (Cong-I) 2,42,729; A.N. Reddy (BJP) 25,434; O. Johnson (Ind) 5,845; N. Ruthu (BSP) 1,224; Others 1,606.

Rajahmundry: Electorate: 9,72,937; Votes polled: 6,27,882; Valid: 6,12,264; Invalid: 15,618; Contestants: 13.

Details: K.V.R. Chowdary (TDP) 3,15,556 (elected) 50 percent; Mrs. Jamuna (Cong-I) 2,53,547; K. Sarvarayudu (BJP) 23,909; K.R. Rao (SJP) 1,422; Atchiraju (Ind) 4,891; Others 12,939.

Machilipatnam: Electorate: 9,08,947; Votes polled: 6,19,254; Valid: 6,08,592; Invalid: 10,662; Contestants: 25.

Details: K.R. Reddaiah (TDP) 2,98,348 (elected) 48 percent; K.S. Rao (Cong-I) 2,71,026; Mrs. K. Dhanalaxmi (BJP) 24,260; M. Victor Prasad (BSP) 1,892; Mrs. A. Suseela (Ind) 1,047; Others 12,019.

Kerala: Leftists Replaced by UDF*91AS1094E Bangalore DECCAN HERALD in English
19 Jun 91 p 8*

[Text] The sweeping victory of the Congress(I)-led United Democratic Front [UDF] over the ruling Left Democratic Front [LDF] in Kerala is perhaps the most perplexing outcome of the Assembly elections held in six States and one Union Territory. The pre-election view, which even the UDF seemed to have held, was that the LDF would be returned to power a second time. There were good reasons for such a forecast. The LDF had fared poorly in the 1989 Lok Sabha elections but its overwhelming triumph in the District Council elections less than six months ago—a factor that prompted the LDF to call for elections a year ahead of schedule—demonstrated that it had recovered lost ground. The LDF Government may not have delivered on the election promises of 1987, but the consensus was that it was less susceptible to corruption than the UDF when it was in office. The LDF stand on the Mandal and Masjid issues seemed to have been vindicated in the elections to local bodies and was expected to provide votes in the Assembly and Lok Sabha polls as well.

Since Kerala went to the polls after the assassination of Rajiv Gandhi the most likely reason for the LDF's defeat is a last minute swing in favour of the UDF caused by the so-called sympathy factor. With the two coalitions being of more or less equal strength a small shift in voting percentages is sufficient to change electoral fortunes. In the 1987 Assembly elections the LDF had won a disproportionately large number of seats with a mere one per cent majority in votes. But sympathy for the orphaned party, kept alive by sections of the local press, is unlikely to have been the only factor responsible for the UDF's spectacular gains. In retrospect, the prediction of Mr. K. Karunakaran, UDF leader in the dissolved Assembly, that with little resentment about selection of candidates, the UDF had a good chance in the polls turns out to have been accurate. The UDF has made strong gains in the central and southern regions where dissidence in 1987 had cost it dearly. In addition, the overtures to the Congress(I) by Communist Party of India (Marxist) General Secretary, E.M.S. Namboodiripad could well have confused the marginal supporters of the LDF. The literate Kerala voter has now expressed his preference for a change in the four Assembly elections since 1980. If the UDF hopes to break this pattern next time it should fulfil its promise to generate two million jobs every year, which incidentally is double of what the LDF promised in 1987 but never came close to achieving.

West Bengal: Leftist Alliances Examined*91AS1097B Bangalore DECCAN HERALD in English
22 Jun 91 p 8*

[Text] The overwhelming mandate that the Communist Party of India [CPI] (Marxist)-led Left Front has secured in West Bengal for the fourth successive time has attracted attention even beyond national horizons. The

Front has set a record as the longest surviving Leftist Government in any parliamentary democracy. There are, however, more convincing explanations for the renewed interest in the Front's progress. By forging an alliance with the National Front, the Leftists have emerged as a more potent force in national politics than at any time since 1969 when the CPI had played a crucial role in shoring up Mrs Indira Gandhi's Government at the Center. With Rajiv Gandhi's demise the state of flux has returned and spearheaded by an articulate spokesman in Mr Jyoti Basu, the Leftists can be relied upon to make their presence felt at the Center. The backward caste-Muslim constituencies of Janata Dal leaders like Mr V. P. Singh buttressed by the exertions of Mr Mulayam Singh Yadav in Uttar Pradesh and Mr Laloo Prasad Yadav in Bihar, have also provided the Marxists with an indirect reach into the Hindu heartland. Despite grave shortcomings in their management of urban centers, particularly that of the capital city of Calcutta, the Marxists in Bengal have dominated both the Left Front and the State with their land reform and Panchayat Raj programmes which they hope will also be reflected in the policies of the National Front parties. Since such programmes will also nourish denominations like the backward castes, classes and Muslims more than others, the National Front's alliance with the Leftists might turn out to be enduring. Hence the Left Front's—and lately the National Front's—significant emphasis on "issue-based" support on the basis of which they might co-operate with the Congress(I) Government at the Center if called upon to do so.

PTI Computer Analyzes Poll Results*91AS1199A New Delhi PATRIOT in English
24 Jun 91 p 5*

[Text] The Janata Dal, which stormed to power at the Centre in 1989 as the dominant constituent of the National front, has ended up as the biggest loser in the '91 Lok Sabha polls, biting dust in as many as 69 seats.

The three big gainers of the polls held in less than two years have been the BJP [Bharatiya Janata Party], the Congress and the Telugu Desam.

While the BJP gained 33 seats, the Congress added 27 and the Telugu Desam 10, a PTI, Modi Olivetti computer analysis shows.

The Janata Dal [JD] strength slid from 142 seats in '89 to 53 in the '91 polls, mainly due to the fact that the entire opposition was divided plus the party had split into JD and JD (S) [Socialist].

The JD(S) put up a dismal show winning just five seats.

The Congress gained from the multi-cornered contests adding 27 more seats to its '89 tally of 197 taking its total strength of 224 this time.

The Congress suffered stunning poll reverses in '89 losing 218 seats.

From '84, the year the Congress scored a landslide win, to '89 the party saw a near 9 percent swing away from it in the popular vote.

Consequently, the Congress strength in the Lok Sabha came down by 218 seats in '89 polls from an unprecedented 415 in '84.

In '84 general elections, the Congress had a popular vote of 48.12 percent which slid to 39.53 percent in '89.

In '91, the popular vote has increased but the exact percentage will be known only after results withheld in certain constituencies in Bihar, Karnataka and Assam are declared and polls countermanded in some constituencies take place.

Polls in Punjab are also to be held and their results will also be taken into account for calculating percentage.

The BJP, which fought the '89 polls in tandem with the National Front and Left parties, was the biggest beneficiary of the '91 Lok Sabha polls adding 33 seats to its earlier tally of 86 to take its strength to 119.

A mere 4 percent swing in the BJP's popularity vote in '89 polls raised its strength from just two seats to 86.

In '91 polls, the party's popularity vote again rose but the exact percentage is yet to be computed.

BJP's popularity vote increased from 7.40 percent in '84 to 11.49 in '89.

The CPI-M [Communist Party of India-Marxist], a National front ally, has shown a consistent rise in its popularity vote.

While the popularity vote increased from 5.72 percent in '84 to 6.55 percent in '89, its strength in the Lok Sabha increased from 22 in '84 to 34 in '91 elections.

The CPI also increased its strength from six in '84 to 12 in '89 to 13 in the just-concluded polls.

The analysis shows the Congress got maximum benefit from West India where it gained 50 seats and lost only four. It retained 34 seats. The party altogether won 84 seats in this belt.

The Congress electoral benefits came mainly from Maharashtra where it gained 13 seats—six from the BJP, four from the JD and three from others.

In Madhya Pradesh the party gained 19 seats—15 from the BJP, three from the JD and one from an independent.

In Rajasthan the party gained 13 seats—five from the BJP and seven from the JD.

The Congress lost only three seats in Maharashtra and none in Madhya Pradesh and Rajasthan.

The BJP main gains came from the northern belt. It gained 47 seats—30 from the JD, 11 from the Congress and the rest from others.

The BJP gained as many as 45 seats in UP [Uttar Pradesh]—30 from the JD, nine from the Congress and the rest from others.

The BJP fared badly in the western belt considered its stronghold. Apparently the JD cut into its votes enabling the Congress to gain.

The BJP lost as many as 27 seats, all to the Congress in the western belt. But it also gained 18 seats in this region.

In Madhya Pradesh and Rajasthan, where it runs state Governments, the BJP lost 15 and five seats respectively, all to the Congress.

In Maharashtra it lost six seats, all to the Congress the Janata Dal suffered poll reverses in the western belt losing 30 seats—15 to the Congress and 13 to the BJP and the rest to others.

It lost 11 seats in Rajasthan, four each in Madhya Pradesh and Maharashtra, all to the Congress.

'Unprecedented' Postponement of Punjab Polls Viewed

91AS1097A Bangalore DECCAN HERALD in English 22 Jun 91 pp 1, 9

[Text] New Delhi, June 21. (PTI & UNI) The Election Commission today postponed the Punjab polls scheduled for tomorrow to September 25, saying a free and fair election could not be conducted there in the prevailing situation.

Chief Election Commissioner [CEC] T.N. Seshan, who took the decision at 0210 hours, said that "it is entirely my decision to defer the Assembly and Lok Sabha polls in Punjab."

An official press note issued by the Commission early this morning said the date for the completion of the polls in the border state would be September 30.

Unprecedented

The move was unprecedented as the Commission had never before exercised its powers under the Representation of People's Act to postpone Lok Sabha and Assembly polls in an entire state.

An official press note issued by the Commission said it was postponing the Punjab elections under the provisions of Sections 30 and 153 of the Representation of the People's Act.

"Taking into account all the relevant facts, the Election Commission is satisfied that it is not possible to conduct a free and fair poll on June 22 on account of the prevalent circumstances in Punjab," it said.

A notification issued by the Commission in this regard said that while the date of the deferred poll in Punjab would be September 25, the election process in the border state would be completed by September 30.

Asked about the reasons for the postponement of the polls barely 30 hours before the state was scheduled to have elections, Mr Seshan said the Commission was continuously monitoring the situation in the troubled state and it had received reports from its Central observers as well as from several other channels.

"I have postponed the polls for about three months and I hope that the situation will be conducive then to holding free and fair elections", the CEC said.

He said that he made up his mind late last night and signed the papers postponing the June 22 poll in Punjab at 0210 hours today.

Mr Seshan clarified that there was no need for filing of fresh nominations by the candidates as it was part of the continuing process.

Reasons

Mr Seshan said he did not think that the decision to defer the poll in the state was 'sudden and climatic'. He said it was the Commission's considered judgment happenings in the state over the past two months was "not consistent with the concept of a free and fair poll".

The CEC cited threats to candidates and voters, the violent campaign, the excessive deployment of forces and persistent violence and the widely published intimidation of voters that had led to the Commission's decision.

Mr Seshan mentioned in particular the appearance of posters in Ludhiana put up by militants which had warned that they would chop off the index fingers of those found having the voting mark on it—the indelible ink mark.

Mr Seshan justified the deferment of poll in Punjab and said the Commission had never favored immediate holding of elections in the troubled state.

He said that the Commission had in fact suggested the exclusion of Punjab from the poll process in the rest of the country when it issued the poll notification on April 19.

"But the Government decision in this regard was to the contrary as it wanted to go ahead with the polls", Mr Seshan said adding he had heeded to the Government and notified the elections.

Asked if he had consulted the outgoing Chandra Shekhar government or President R. Venkataraman before postponing the poll by about three months, he said "I have never had consultations with the government or with anybody at any place".

Mr Seshan said the ballot boxes and papers which would have reached the polling stations this morning would be kept in safe custody of the district election officers.

Elections to two of the 13 Lok Sabha seats in Punjab and several of the assembly seats have been countermanded following the killing of candidates.

Security

The Chandra Shekhar Government which was keen on holding elections in Punjab on June 22 had despatched nearly 25,000 para-military personnel in addition to the existing 32,000 men of the Central forces deployed in the troubled state.

The forces were despatched following a letter from the Governor, Gen (retd) O.P. Malhotra that the law and order situation was such that a free and fair poll could not be held in the absence of additional Central forces.

Gen Malhotra had suggested that the polls be deferred to June 30 if adequate security forces were not available in the state.

He also said that there will be no withdrawal of troops from Punjab.

Punjab Governor Gen O.P. Malhotra had left for Delhi this evening.

The Governor is likely to meet President R. Venkataraman and Prime Minister Narasimha Rao to apprise them of the latest situation in the wake of postponement of Lok Sabha and Vidhan Sabha elections in the state scheduled for June 22.

The latest law and order situation and deployment of army till the election process is over would also figure at the meeting.

PVN Welcomes Decision

Prime Minister P.V. Narasimha [PVN] Rao welcomed the move saying "under the circumstances prevailing in the state free and fair elections were not possible."

Mr Rao, who is also the president of the Congress(I), said the party wanted cancellation of polls in Punjab and the Election Commission had today postponed it.

'Dangerous'

Outgoing Prime Minister Chandra Shekhar termed as "dangerous" the Election Commission's decision to defer the Punjab poll.

In a statement here this morning, Mr Chandra Shekhar said such a move would have far-reaching consequences for which the country would have to suffer for a long time. This decision would be seen as the first step by the new government which was very unfortunate, Mr Chandra Shekhar added.

The left parties, however, welcomed Mr Seshan's decision.

Welcoming the postponement, CPM [Communist Party of India-Marxist] leader Harkishan Singh Surjeet said if the decision had been taken earlier many lives would have been saved.

Mr Surjeet said that if elections were held as scheduled the militants would have ruled the state.

CPI [Communist Party of India] Secretary M. Farooqi said his party had been demanding delinking of the elections from the rest of the country. Though belated it was a good decision, he said.

However, there was an acid reaction from CPI's Punjab unit which described as a "cruel joke with the Punjabis" the Election Commission's early morning decision.

Mr Piara Singh Deosi, Secretary of the CPI, said the eleventh hour decision was a "stab in the back of the political parties, which were in election fray at the risk to the lives of their candidates, leaders and workers."

Criticized

The BJP [Bharatiya Janata Party] criticized the Election Commission's decision saying it was a "cruel joke on the people" of the state and asked Chief Election Commissioner T.N. Seshan to explain under what pressure this was done.

In a resolution on the postponement of poll in Punjab, the two-day meeting of the national executive of the party which concluded here today said "the whole thing underlines the petty politicking of Congress(I)".

The resolution said it was an "unwise and politically-motivated decision which will have many consequences."

Party Vice-President Krishan Lal Sharma, who is in charge of Punjab, said the Chief Election Commissioner owed an explanation to the nation as to what happened last night that made him change his earlier decision. Only yesterday the CEC had said that polling would be held on schedule, he said.

Mr Sharma said nothing abnormal had happened which had forced the CEC to postpone elections in the State and said it was done because of "pressure from the Congress(I)". He added that other political parties should have been taken into confidence on the matter.

He said the Congress(I) would now try to find out some way to denotify the elections and thereby pave the way for contesting the elections in Punjab.

'Fascist Move'

The Shiromani Akali Dal (Mann) today expressed its anguish at the postponement of elections.

Talking to newsmen in Chandigarh, Prof Jag Mohan Singh, Press Secretary of the party, said it was 'a fascist

move' by the trio of Venkataraman, Narasimha Rao and Seshan to crush the voice of the people of Punjab.

He said these elections were used as an excuse for handing over Punjab to the armed forces.

'Undemocratic'

Akali Dal (Longowal) President Kabul Singh today described the decision as undemocratic. AISSF [All India Sikh Students' Federation] (Manjit) General Secretary Sarbji Singh Sohal, the federation candidate from Punjab's Tanda Assembly constituency, also condemned it and demanded dismissal of the Chief Election Commissioner.

Postponement of Punjab Elections

Mixed Reaction

91AS1192A Calcutta THE STATESMAN in English
22 Jun 91 pp 1, 7

[Boldface words as published]

[Excerpts] New Delhi, 21 June—Contending that the decision to postpone the Punjab elections had been taken "independently," the Chief Election Commissioner, Mr. T.N. Seshan, said this evening that intimidation of candidates and voters, sustained violence, and threat to life were among the "relevant factors" that had warranted such action.

Early this morning the Commission had announced that the polls, due tomorrow, had been deferred till 25 September. The powers under Section 30 and 153 of the Representation of the People Act had been invoked because "it is not possible to conduct a free and fair election on account of the prevalent circumstances in the State of Punjab.

There has been a mixed reaction to that decision. While the Congress(I) and the CPI(M) [Communist Party of India-Marxist] welcomed the move, it was condemned by the Janata Dal, the Bharatiya Janata Party (BJP) and almost all the Punjab-based parties. The former Prime Minister, Mr. Chandra Shekhar, said it was an "unfortunate first step of the new Government" and the implications could be serious.

The decision of the Commission to take such an action at 1:55 a.m. intrigued many political observers. It had gone against the wishes of the Chandra Shekhar Government when it was still in office, but the timing was such that the new government could not be directly held responsible.

The Prime Minister has welcomed the decision but said that he had nothing to do with it. It was a decision of the

Commission. Mr. Narasimha Rao told reporters at Rashtrapati Bhavan that his party had wanted those polls to be "cancelled" so had other parties. It was too early for him to say anything else.

There is, however, much speculation that the Congress(I) will not be satisfied with a mere postponement and would consider amending the law so that the entire election process can be scrapped.

When Mr. Seshan met reporters today he made two points. One directly that the Commission had not consulted anybody before postponing the polls. He had not discussed it with the President at their meeting last evening nor had there been any talks with the incoming leadership.

The other point was presented less directly that while the Commission always had reservations about elections in Punjab, it was the Chandra Shekhar Government that had sought to push ahead with them.

Our Special Representative in Chandigarh adds: The Chief Election Commission completely ignored the Punjab Government before taking the decision of the postponement of the Punjab polls scheduled for tomorrow, it is authoritatively learnt from highly-placed State Government sources. The sources said that even the Punjab Governor, General (Retired) Om Prakash Malhotra, was not even formally consulted by the Chief Election Commissioner, Mr. T.N. Seshan, on the major issue of the postponement of the Punjab polls.

The Punjab Government is surprised at the decision of the Chief Election Commissioner regarding the eleventh hour postponement of the polls. The State Government had made elaborate arrangements for the scheduled polls.

Meanwhile, the Akali Dal (Mann), has decided to move the court besides approaching the U.N. against the Government's decision to postpone the Punjab polls. Speaking to reporters here this evening, Professor Jagmohan Singh, spokesman of the party, described the decision as a fascist act of the Indian Government.

An unscheduled meeting of the Political Affairs Committee of the Janata Dal, which met in Delhi this afternoon, discussed the decision to postpone elections in Punjab by three months. It criticized the decision in strong terms.

The BJP today strongly criticized the decision to postpone elections in Punjab. A resolution adopted by its national executive said: "It is a bad day for the election Commission and not a good start for the new Government."

The Akali Dal (Mann) in a Press release issued from its headquarters said that it was "most undemocratic act." The statement was released by the secretary, Mr. S. S. Gill.

The chairman of the Punjab Parliamentary Board Janata Dal, Mr. Mubara K. Singh, described it as the "most unwise, ill-advised and politically-motivated step."

Governor Resigns

91AS1192B Calcutta THE SUNDAY STATESMAN
in English 23 Jun 91 p 1

[Excerpts] Chandigarh, 22 June: The Punjab Governor, General O.P. Malhotra (retired), submitted his resignation to the President this morning, report UNI and PTI. It is reliably learnt that Gen. Malhotra has been asked to continue for the time being.

It is understood that Gen. Malhotra, in a communication to the President, has said that the Chief Election Commissioner's decision to postpone the elections on the eve of the polling day, would have a demoralizing effect on the people of Punjab. It would also act as a boost to the terrorists who had opposed the holding of elections in the State. Several Congress(I) leaders from Punjab generally feel that it would not be desirable to allow the Governor to step down at this juncture when the election process is incomplete.

They say that the Governor has done a commendable job in tackling the law and order situation without aligning himself with any political faction. They also held the view that the Governor should be persuaded to continue at least till the election process is completed.

Split in Sikh Students Federation Noted

91AS1136A Calcutta THE STATESMAN in English
10 Jun 91 p 1

[Text] Amritsar, 9 June: The All India Sikh Students' Federation today split again with the dissidents, led by Mr. Amarjit Singh Padhari, forming the AISSF (Amar Shaheed Bhai Amrik Singh), reports PTI.

In a statement here Mr. Padhari said the federation, which he heads, would not hold talks with the Centre, without the Sikh Sangat's permission. The group decided not to participate in any election, other than that of the SGPC [Sikh Temple Management Committee] and to boycott the Assembly and parliamentary elections.

Balwinder Singh alias Baghel Singh alias Baghela, "Lieutenant-General" of the Khalistan Commando Force (Wassan group) was among 11 people killed in Punjab since last night.

Baghela was killed in a shootout with the security forces at Ahmedgarh in Sangrur district.

He was responsible for a huge fire in the Air Force oil depot at Mullanpur, which raged for nine days, kidnapped the brother of late DIG [Deputy Inspector General], Ajit Singh, and the Oswal factory manager for Rs. [rupees] 7-lakh ransom, killed four security personnel and for blasting rail tracks in Ludhiana and Sangrur district.

Taruna Dal Nihang chief, Ajit Singh Poohla, escaped a bomb blast at a gurdwara in Jalandhar district last night.

Militants kidnapped the brother of a DSP [Deputy Superintendent of Police] in Bhatinda district, from the officer's house on Thursday, according to a delayed official report in Chandigarh.

Editorial Considers Successful Coalition

91AS1094C Bangalore DECCAN HERALD in English
18 Jun 91 p 8

[Text] The Congress(I) is emerging as the single largest party again, confounding electoral pundits some of whom even fancied that the Bharatiya Janata Party [BJP] would take its place. With the National Front-Leftist alliance slipping to the third position the stage now appears to be set for a coalition at the Centre with the BJP in the Opposition. There are few doubts in the minds of political leaders that the stalemate of a hung Parliament has to be overcome by getting along and avoiding another election. The BJP has counted itself out of any possible understanding, mostly owing to its rigid political outlook. This consideration weighed with the other parties throughout the election and contributed partially to the Congress(I)'s success.

The BJP's omissions in Madhya Pradesh and Rajasthan were also responsible for the Congress(I)'s revival in the North. What, however, stopped the latter short of a majority was the party's total rout at the hands of the BJP and the Janata Dal in Uttar Pradesh and Bihar respectively. The BJP's dismal showing in Madhya Pradesh and Rajasthan detracted from its credibility on Ram Rajya despite its impressive performance in neighbouring Uttar Pradesh. Mr. Mulayam Singh Yadav was roundly worsted not so much because of his secular stand on Ayodhya as his inability to govern efficiently. The Congress(I)'s victories in Maharashtra and its resistance to the BJP debut in Karnataka must be considered all the more creditable because it was in harness in these States. The Left Front's success in West Bengal falls into a similar category though the strong ideological preferences of the people of the State were also important considerations. The comeback staged by the Congress(I) in Haryana, where it has won an absolute majority in the Assembly, and where the Jat [farming caste] patriarch, Mr. Devi Lal, has lost both the seats he contested, has cut short popular experiments with non-Congress(I) governance. The All India Anna DMK [David Munnetra Kazhagam]-Congress(I) sweep in Tamil Nadu can largely be attributed to the sympathy wave following the assassination of Rajiv Gandhi. Kerala's reaffirmation of faith in the United Democratic Front, so closely on the heels of a pro-Left Democratic Front verdict in the recent district council elections, appears to have revealed the pragmatic popular inclination of giving the other side a chance.

Difficult as it remains to identify persistent voting trends all over the country where local issues have made their disparate contributions, a few features stand out. The

BJP's limitations as a single independent entity is one of them. In the 1989 elections non-Congress(I) parties ganged up against the ruling party at the Centre and arrived at seat adjustments to ensure that their votes were not split. This time a tacit understanding appears to have worked against the BJP, which, curiously, had not taken the possibility into account when deciding to go it alone. If the adoption of an unambiguous *Hindutva* line had guaranteed the party the unstinted support of the hardcore Hindu upper castes, as in Uttar Pradesh, and to an extent in Gujarat, it surrendered its options among other denominations all over the country. Similarly, the Janata Dal's Mandal card delivered Bihar to it in a big way, but on the admission of its own leaders, relieved it of the non-backward caste vote wherever else it had been in the running. The traditional stability and unity-integrity platforms of the Congress(I) undoubtedly appealed to voters yearning for greater consistency in governments that ruled them. However, the inroads made by the advocates of religious and caste-class particularism saw to it that there were not enough seats left over for a single party to emerge with a majority. The wide-reaching fragmentation that has occurred in the Indian polity over the recent past has made it difficult for a single party to rule the roost. At the same time, parties with more restricted outlooks have by their very nature found it difficult to attract the national electorate. A coalition was therefore inevitable despite the electoral claims made by the three major configurations. The redeeming fact is that large and successful parties in India have always constituted a conglomeration of interests and there is no reason why a coalition at the national level should necessarily fail.

Human Development Report Challenged

91AS1119A Madras INDIAN EXPRESS in English
3 Jun 91 p 8

[Editorial—"India's HDI"]

[Text] The 1991 Human Development Report released by the United Nations Development Programme (UNDP), second in the series, highlights a novel approach to assessing a country's level of development. Putting aside the traditional GNP route, this report bases its conclusions on figures covering expenditure on human priority sectors. These are health, water, sanitation, daily calorific intake, literacy and primary and secondary school enrolment. Combined with GNP per capita and real GDP [gross domestic product] per capita, these go to determine a nation's human development index (HDI). Headed by the renowned economist, Prof. Mabub ul Haq (former Finance and Planning Minister of Pakistan), an independent group of economists produced this report for the UNDP.

India's HDI ranks 123rd amongst the 160 countries under scrutiny. And of the 127 developing countries India ranks 94th. In the first time human freedom index, India ranked 42nd of the 88 countries surveyed, and fifth of all Asian

countries. Although this method is a more scientific measure of socio-economic progress, the report reaches conclusions that are not entirely applicable globally. Its primary thesis is that lack of political will and commitment, and not financial resources, is the real cause of human neglect. In a simplistic sense this is acceptable enough, but when confronted with conditions on the ground, this provides us with far from the last word. Take the case of Peru. The former President, Alan Garcia, lacked nothing in terms of will or commitment. But ultimately it was a confluence of internal social instability, and external economic arm-twisting that brought an end to his dreams. In an era where the will to reconstruct the developing countries is being sapped by an ever approaching debt-trap, it is always a struggle in political terms to continue investing in human development.

The report marks out defence spending as the most important area which negates the release of funds for human development. Regions of political turmoil encourage lobbies to be built around ever larger claims on defence expenditure. There are many issues that the UNDP report covers which form the crucial links in the chain of human development. But inevitably its approach is rather generalist and overlooks local factors. To the degree that this happens it falls short of the purposes it could serve.

Panthic Panel Condemns Killing of Candidates

91AS1195A Madras *THE HINDU* in English
20 Jun 91 p 4

[Text] Amritsar, 19 June: The five-member Panthic Committee led by Baba Gurbachan Singh Manochahal has condemned the killing of candidates and called upon the other militant organisations to stop the "fratricidal warfare."

In a statement issued here by its press secretary, Bhai Ripudaman Singh, the committee sounded a warning to other militant organisations that if their activists continued to be targeted, it would be forced to take suitable action.

In the statement, Baba Manochahal referred to the fall of the Sikh empire established by Maharaja Ranjit Singh and said the fratricidal struggle among the militants would only adversely affect the Sikh struggle and make the achievement of their "goal" more difficult. He criticised the killing of "Panthic candidates" and called these "political murders."

Baba Manochahal warned that whenever views were replaced by weapons, achieving a new State became all the more difficult. "Even the political power at hand is lost."

The statement said that even though certain militant organisations had committed condemnable activities the

committee was for the last time asking these organisations to show mercy on the "Sikh quam" and warned that if this was not heeded, nobody would be able to stop the confrontation.

The Panthic Committee said that the ensuing elections would be used as referendum for the demand of 'Khalistan.' [quotation marks as published]

'Deeper Conspiracy' Hinted in Gandhi Killing

91AS1198A Madras *INDIAN EXPRESS* in English
14 Jun 91 p 5

[Boldface words as published]

[Text] Madras, 13 June: The stubborn choice of the Sriperumbudur meeting venue by the Cong-I high command, and the "rapid rectification" of the snag in Rajiv Gandhi's plane on 21 May have led some analysts to think that there was a deeper conspiracy in the former Prime Minister's assassination than thought of so far.

These analysts have noted some of the factors in the Rajiv visit which were rather odd in the sequence of events leading to the meeting and the assassination.

First of all the Sriperumbudur meeting was not planned in the schedule in Mr. Gandhi's visit. It was the idea of somebody in Delhi, and that too only a few days before the visit actually took place. Thus, a group of external conspirators functioning from abroad who depended on meticulous planning would not have been able to pull off the assassination at such short notice.

Secondly, the choice of the meeting venue—Sriperumbudur, where there was no proper ground to hold such an event—was baffling. The local Cong-I leader Maragatham Chandrasekhar has said subsequently that it was the Delhi party brass which arranged the meeting at this place. With a great deal of finality, a dry tank bed with poor security qualifications was chosen for the meeting.

Then, there was the intriguing episode of the TNCC-I [Tamil Nadu Congress Committee] president Vazhapadi K. Ramamurthy saying that he never wanted the meeting to take place in Sriperumbudur. He even went to the extent of appealing to Governor Bhishma Narain Singh to get the plan altered. However, the Governor is reported to have said he was no longer a party functionary, and could not do such a thing sitting in Raj Bhavan. Also, the other state Cong-I leader, G.K. Moopanar said he knew nothing of the plan for the Sriperumbudur meeting.

Snag episode: Again, an interesting factor in the sequence was the aircraft snag episode in the Rajiv visit.

A mysterious snag developed in the self-piloted aircraft at Vishakapatnam on 21 May, and a disappointed Rajiv was faced with the prospect of staying overnight there, and even having to borrow an aircraft from a public sector company at the instance of the district collector.

At this point, the analysts feel, such a 'snag' might have been generated, if the group of conspirators had suspected that there was a leak in their plan, and had decided to abort it.

But ultimately the plan was apparently decided to be carried through, and the 'snag' was rectified even as Rajiv Gandhi was driving to a rest house.

At a local level, there was the mysterious episode of a recent entrant into the Cong-I, Latha Kannan, making its closest to the dais along with her daughter, and finally standing in the company of the suspected assassin.

Finally, there was the report of massive election funds carried in Rajiv's aircraft the fate of which was not known after the assassination.

The analysts feel that these factors would have to be probed further, to establish links.

While this theory was one worthy of consideration, the angles relating to an external agency using local militants to assassinate Rajiv Gandhi, or conversely local militants seeking help from external agencies were also there.

Another theory was that Sinhala forces across the Palk Strait might have conspired to assassinate Rajiv Gandhi in league with the LTTE [Liberation Tigers of Tamil Eelam], as they wanted to prevent the formation of a government which would adopt an independent policy on the ethnic issue, on the lines of the Indo-Lankan agreement.

Commentary Stresses Society's Accountability

91AS1094H Bangalore DECCAN HERALD in English
21 Jun 91 p 8

[Commentary by Balraj Mehta: "The People Must Act"]

[Text] India's political economy is undeniably passing through a grave crisis. This situation has not come about suddenly. It is, in fact, the result of the steady erosion, over a period of time, of democratic values and norms in the entrenched socio-economic and political order.

Central to this process has been the question of accountability. The tendency to avoid or evade responsibility for whatever goes wrong and search for scapegoats has lately become all pervasive—a cause for public dismay and derision.

Popular intervention in the processes at work in the economy and society can alone, in the final analysis, end this sorry state of affairs in public life. The results of the general election to the tenth Lok Sabha are crucial in this context. But it is also of vital importance that responsibility for acts of commission and omission, so far as they concern the public interest and welfare be unambiguously pinned on those in leadership positions.

Irresponsible

The conduct of the caretaker Government at the Centre attracts immediate attention in this context. It was indeed remarkable that the head of this Government, Mr. Chandra Shekhar, went so far as to brazenly claim that the assassination of Mr. Rajiv Gandhi had justified the dismissal of the elected Government in Tamil Nadu. This claim is both extraordinary and in violation of all norms of accountability. The failure to protect Mr. Gandhi in Tamil Nadu was directly that of the Central Government once it had taken over the administration of the State. But Mr. Chandra Shekhar has chosen to repudiate his and his Government's responsibility.

Take also the case of Finance Minister, Mr. Yashwant Sinha. Apropos of the sale of gold in the world market, he asserted that this would not have been necessary if he had been allowed to present the budget for the current financial year and then negotiate an International Monetary Fund loan. This is ridiculous. Mr. Sinha did not present the budget because this was a part of the arrangement under which the minority Government headed by Mr. Chandra Shekhar assumed office. Significantly, he did not hesitate, after the Government turned into a caretaker regime, to negotiate with the IMF for a structural adjustment loan with unacceptable conditions attached to it.

Violation

The fact is that the formation of a government by Mr. Chandra Shekhar, who had the direct support of hardly 50 members in the Lok Sabha, was in itself a violation of the principle of accountability. No wonder, that during its, mercifully, brief tenure, the conduct and activity of the Government as a whole and of those who found berths in the Council of Ministers was wholly devoid of any responsibility and accountability. What is more disconcerting, however, is that flouting democratic norms and disregarding the principle of accountability have become the rule in the conduct of individuals and groups in the social and economic spheres as well.

Questions regarding political realignments after the elections are, therefore, being raised in the most casual manner with no reference to political, ideological or policy commitments. The tendency to repudiate pledges made before the people for getting votes can be expected to gain further momentum. The ruling elite is seeking to manage public affairs by observing merely the forms and not the spirit and substance of democracy.

For any political party or personality to try to grapple with complex socio-political and economic problems by relying on manipulative skills and a bureaucratic administration is to pave the way for an authoritarian regime. The much talked about hard options to tackle problems will turn into ruthless suppression of the demands and aspirations of the mass of the people and help only the vested interests in the economy, society and polity.

It is the height of political cynicism, for instance, to affirm, as Mr. Chandra Shekhar did in an interview after the assassination of Mr. Gandhi to Bulgarian TV that "there is no dearth of leaders (in India) because leaders are made overnight. If you elect a person to be the Prime Minister of the country, he will carry the country one way or another." What is obviously missing in this perception is the role of the popular masses in a functioning democracy.

Admiration

Surprise as well as admiration is often expressed in many quarters for the blunt articulation of such perceptions and sentiments by Mr. Chandra Shekhar. This may be attributed to vested interests in the upper crust of society who possess similar attitudes and proclivities finding it very comforting to discover that the person who occupies the exalted office of the Prime Minister is no different.

It is indeed a matter of concern that political parties and personalities as well as the intelligentsia in India have acquired—even as they have alienated themselves from the mass of the poor and deprived—a penchant for managing social conflicts in a manner that the status quo so far as living conditions of the masses are concerned is not radically altered.

It was thus that the socialist slogans and *garibi hatao* were raised and used by the political establishment. The *mandir* issue and the promise of equity now may have been similarly inspired. The question is whether anything better for the mass of the people is at all contemplated in the policy prescriptions that are being authoritatively flaunted.

The Constitution of India sanctified the right to private property as a fundamental right; the goal of social justice, in contrast, was made one of the directive principles of State policy.

Deliberate

It is not surprising that primacy has been given so far to preserving the right of those with property and the principle of gradualism, if not passivity, is observed when dealing with the problems of those without property. The right to social justice has thus remained elusive. It is not fortuitous that even after four decades of the Constitution, the condition of that part of the population which ekes out an existence at or below the subsistence level—the so-called poverty line—has remained unchanged. The fact is that none of the directive principles of State policy has been honoured in practice.

This goes to show that the principle of accountability is central to meaningful politics and relevant political alignments in the wake of the results of the elections to the tenth Lok Sabha. It is not the framing of novel post-election agendas by political parties and leaders which should concern, even interest, the mass of the

people. What they must insist on is respect for the commitments made during the elections and call for initiating political action and forging alliances on that basis.

Deaths of Prominent Politicians Reported

Dinesh Goswami

91AS1123A Calcutta THE TELEGRAPH in English
3 Jun 91 p 1

[Text] Guwahati, 2 June: The former Union law minister and a sitting Rajya Sabha member from Assam, Mr. Dinesh Goswami, died in a road accident near Dharamtul in Morigaon district, about 50 km from here early this morning. Mr. Swaroj Sen, a city lawyer, and Mr. Dhiren Bhattacharya political activist, were also killed in the accident, the police said.

Mr. Goswami, who was vice-president of the newly-formed Natun Asom Gana Parishad NAGP, was returning from a campaign tour of Dibrugarh in Upper Assam when his car collided head-on with a speeding truck near the Kopili bridge in Dharamtul on National Highway 37. All three died on the spot, the police said. The driver was seriously injured.

Mr. Goswami (55) is survived by his wife Bibha Goswami, an Assamese new reader in All India Radio, Delhi, two daughters and a son. A veteran parliamentarian, Mr. Goswami was in the National Front during the Lok Sabha elections in 1989. He was first elected to the Lok Sabha from the Guwahati parliamentary seat in 1971. In 1978, Mr. Goswami became a member of the Rajya Sabha. During the AGP [Asom Gana Parishad] wave in 1985, he won the Guwahati Lok Sabha seat with a big margin. Mr. Goswami was later elected to the Rajya Sabha by the AGP members.

The Assam government has declared three-day state mourning from today. All state government offices and educational institutions will remain closed tomorrow as a mark of respect for the departed leader. Mr. Goswami will be given a state funeral tomorrow.

Mr. Goswami's family members arrived at the city from New Delhi this afternoon by a special aircraft. The body was brought here from the accident site by a large number of party workers and well wishers.

After post-mortem Mr. Goswami's body was taken to his residence at Bharalumukh where it would be kept draped in national tricolor for the public to pay their last respects.

Uma Shankar Dikshit

91AS1123B Calcutta THE STATESMAN in English
31 May 91 p 1

[Text] New Delhi, 30 May: Mr. Uma Shankar Dikshit, the veteran Congress leader, who was also Governor of

West Bengal from September 1984 to August 1986, died here today following a massive heart attack, reports PTI. He was 90.

Mr. Dikshit was ailing for the last four months and was admitted to the Ram Manohar Lohia Hospital on 4 February.

Mr. Dikshit was born on 12 January 1901 at Ugao in Unnao district of Uttar Pradesh.

A freedom fighter, he was imprisoned four times by the British. Partition and the massive refugee influx that followed saw Mr. Dikshit take up the responsibility as Custodian of Evacuee Property up to 1952.

He held senior positions in the Central Council of Ministers and the Congress(I) besides serving as Governor of West Bengal and Karnataka. He was a close confidant of Indira Gandhi.

More Vigilance Needed Along Tamil Nadu Coast

91AS1196A Madras THE HINDU in English
20 Jun 91 p 4

[Boldface words as published]

[Text] Thanjavur, 19 June: It was exactly one year ago, on 19 June 1990, that Madras city witnessed one of the bloodiest of massacres when LTTE [Liberation Tigers of Tamil Eelan] militants assassinated the EPRLF [Eelam People's Revolutionary Liberation Front] leader, K. Padmanabha in Kodambakkam. With consummate ease, they escaped to Sri Lanka after travelling over 400 km by road and then by boat from Pillayar Thidal on the Thanjavur coast.

On 21 May this year, the former Prime Minister, Rajiv Gandhi also fell victim to one of the bloodiest and most brutal massacres in Sri-perumbudur, along with 16 others. Investigation conducted so far has pointed very strongly to the fact that the arrest of Shankar, by the smart Thanjavur police near Voimedu while he was proceeding to the coast and two other persons, Sankarasingam and Pulikutti alias Thangavelu, in Pattukottai, with powerful wireless sets and a large quantity of money, helped the CBI [Central Bureau of Investigation] to arrest quite a few prime suspects in the murder of Rajiv Gandhi. These had all tried to escape to Sri Lanka through the Thanjavur coast. The entire coastal belt from Nagapattinam to Kattumavadi, the 140 kilometre long sea coast is dotted with not less than 45 fishing villages, besides about 20 rivers emptying into the Palk Strait with backwaters stretching deep into the mainland at certain points touching the East Coast Road, the Sethu Rastha. It is clear that despite the authorities saying they have beefed up coastal security the problem had not been tackled. The coastal area is vulnerable for penetration by any determined group at will. It may be recalled that immediately after the blood chilling massacre of K. Padmanabha there was apparently a show of increase of security in the coastal areas and about a dozen police

checkposts were put up near the coastal roads manned by the Tamil Nadu Special Police armed with sophisticated weapons. Senior police officials visited the coast periodically. And as time passed, the special security checkposts fell prey to the dictum, familiarity breeds contempt the constant claims of the Government spokesmen, police spokesmen and politicians that the coast was now foolproof, that there were no militants in the State, that militants were all lying low, notwithstanding, there was a steady increase in smuggling of diesel and other petroleum products and other essentials from the coast. This put the TSP in a dilemma. The checking of vehicles slackened. There were many instances of daring acts by the LTTE in fast moving vehicles and using most sophisticated communication facilities. The militants had vast resources to buy the fastest moving vehicles. A few vehicles were involved in accidents and invariably for reasons best known to themselves, under orders from higher ups, the local policemen released those arrested, on simple charges such as not having visas and other documents. They were seen repeatedly going about free and always managed to circumvent the checkposts and saved the checkposts from any embarrassment. One of the militants was overpowered in the Thanjavur bus stand while he quarrelled with a police person but he consumed cyanide capsule and died within seconds before he could be taken to the nearby hospital. After the outbreak of fresh violence between the LTTE and the Sri Lankan army, a Customs officer, a Customs boat with a number of officers and hundreds of fishermen were taken into "custody" by the LTTE militants and later escorted back after strict warning and both the Union and State Governments treated the matter closed, without any major follow-up. This had its own effect on the morale of the local police.

There was a 'red alert' all over the State after the assassination of Rajiv Gandhi and a few have already been nabbed. It has been now proved by the CBI itself that there is a well organised group of LTTE militants in the State using the Thanjavur coast as an entry and exit point. Supported by an excellent communication network they are taking full advantage of the many security loopholes in the Palk Straits bordering Thanjavur.

The coast is about 145 km long and there are innumerable kutchra roads running parallel to the coastal road and leading straight to the sea coast. Thus, in Sethubachatram, the sea front is hardly 100 mts from the main road, namely the Sethu Rastha. Anyone travelling in a bus can see the boats in the sea front and realise how easily one can reach the sea without being stopped by the securitymen in the newly set-up checkposts.

There are as many as 45 fishing villages from which every night over 10,000 fishermen go to the sea in country and mechanised boats. Once they reach the open sea it is very difficult to know whom they are contacting. The Sri Lankan militants have been using a small group of fishermen to smuggle out diesel and petrol for them, paying as much as Rs.[rupees]30 for a litre of diesel. Since the fishermen take about 70 litres of diesel with

them for their own boats and also smuggle some quantity, they earn a small fortune that way.

Cover of darkness: Militants also use the cover of darkness to travel freely in the coastal areas. There is a Naval unit stationed at Nega pattinam which is patrolling the coastal area from Vedaraniyam to Nagapattinam. The best area for militants to enter and leave the district is from Point Calimere to Kattumavadi. The water in the Palk Straits is very shallow and the Navy does not have sufficient shallow water boats for patrolling.

A few days after the assassination of Rajiv Gandhi, a Naval vessel was stationed at Mallipattinam and since it had no vessel of its own for shallow-water patrolling, a few mechanised boats were hired. A week later, even the Naval unit returned to Rameswaram, leaving the coast open once again.

The Tamil Nadu reserve police have been stationed in the coastal checkpoints for almost a year now and they are thoroughly bored by checking buses cycles, etc. Having used the sophisticated weapons with them only for a few

days during training, they may not be fit and quick enough if an emergency arises. The checkpoints are headed by a sub-inspector or head constable and one need not be surprised if their morale is low.

The need of the hour is special Naval patrolling in the Palk Straits between Sri Lanka and the Thanjavur coast. Generally, a fast boat used by the militants covers the 40-km distance in about 45 minutes. The guards should be provided with very fast boats as well as good communication equipment to intercept messages and also contact the police party on the coastal roads. A marine police wing is the ideal solution for the security of the coast. The supply of a few Naval helicopters also would be useful for better surveillance of the area.

There has been steady smuggling of petrol and diesel from the coastal areas to Sri Lanka and the boat owners and fishermen are in a position to buy any quantity of diesel for selling at fancy prices. The Government can consider taking over of the petrol stations in the coastal belt to ensure that diesel is bought by the fishermen only for genuine purposes.

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